Supreme Court, U.S.
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No. 04-___

IN THE

Supreme Court of the United States

Contessa Premium Foods, Inc.,
Petitioner,

v.

Berdex Seafood, Inc., et al.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether willfulness is a prerequisite for an award of profits for violations of Section 43(a) of the Lanham Act, a question upon which the circuits are divided.
2. Whether this case should be remanded to the Ninth Circuit for reconsideration after this Court's decision in *MGM Studios, Inc.* v. *Grokster Ltd.*, No. 04-480.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, petitioner states that it has no parent corporation and that no publicly held corporation holds ten percent or more of its stock. During the course of the litigation, the name of petitioner's company was changed from "ZB Industries, Inc." to "Contessa Food Products, Inc.," and then to its current name, "Contessa Premium Foods, Inc."

PARTIES TO THE PROCEEDINGS BELOW

In addition to the parties named in the caption, the following parties appeared below and are respondents here: The Mazzetta Company, Slade Gorton & Co., Inc., Hanwa American Corp., Fishery Products International Inc., Coast to Coast Seafood, Inc., Sea Port Products Corp., and Admiralty Island Fisheries. Other defendants below, who are not respondents here, include Lockpur Fish Processing Co., Ltd., Ocean King International, L.M. Sandler & Sons, Inc., BGL I, Inc., Expack Seafood, Inc., F.W. Myers & Co., ICE Co., J.C. Murray & Co., and Niamar International, Inc.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Contessa Premium Foods, Inc., respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit (App. 1a-8a) is unpublished. The orders of the district court (*id.* 9a-59a) are unpublished.

JURISDICTION

The judgment of the court of appeals was entered on January 3, 2005. Petitioner's petition for rehearing and rehearing en banc was denied on February 15, 2005. Justice O'Connor extended the time to file this petition to and including June 15, 2005. App. No. 04A944. This Court has jurisdiction pursuant to 28 U.S.C. 1254(1).

RELEVANT STATUTORY PROVISIONS

Section 35(a) of the Lanham Act, 15 U.S.C. 1117(a), provides, in relevant part:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) or (d), or a willful violation under section 43(c), shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), provides, in relevant part:

(a) Civil action.

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Section 106 of the Copyright Act, 17 U.S.C. 106, provides, in relevant part:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.

STATEMENT

1. Petitioner Contessa Premium Foods, Inc., is a major producer and distributor of seafood products, including frozen shrimp. App. 10a. In 1986, petitioner created a photographic logo, known in the litigation below as the "Boiling Shrimp Image," which depicts a black tiger shrimp held by chopsticks and submerged halfway into boiling water. *Id.* 25a-26a; see also *id.* 63a (Contessa image). The image represents a substantial investment of marketing resources and accumulated customer goodwill. Petitioner has used the image on its shrimp packaging since 1988 and in thousands of advertisements in U.S. retail markets. *Id.* 11a; C.A. E.R. 218-19.[1] Between 1993 and 2000, petitioner sold over 25 million pounds of shrimp, worth more than $250 million, in packaging all bearing the Boiling Shrimp Image. App. 26a.

Respondents are American seafood distributors who bought tens of thousands of cartons of frozen shrimp from Lockpur Food Products, Inc., a Bangladeshi seafood packing company, for resale in the U.S. From 1997 through 1998, Lockpur packed its own "Sea Star" frozen shrimp in four-pound boxes displaying a virtual duplicate of the Boiling Shrimp Image, with only the chopsticks removed. App. 26a, 63a. Even the bubbles in the boiling water were identical to those in the Boiling Shrimp image. See C.A. E.R. 216, 225; App. 63a (reproducing Contessa and Sea Star images).

The four-pound boxes of Lockpur shrimp were, in turn, packaged in larger "master cartons" that did not display the copied image. App. 26a. Respondents purchased millions of dollars worth of Lockpur's shrimp in master cartons which they then sold to U.S. customers. *Id.* 26a-27a; C.A. E.R. 1418, 1528-32, 1621-62.

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[1] "C.A. E.R." refers to the Excerpt of Records in the court of appeals.

Petitioner first became aware of this activity in September 1998. C.A. E.R. 724. Around the same time, U.S. Customs officials seized shipments of Sea Star-brand shrimp because of its infringing packaging. *Id.* at 724-25.

2. Petitioner filed suit against Lockpur and its American distributors. App. 9a-10a.[2] Among other things, petitioner alleged that by reselling products displaying a virtual copy of the Boiling Shrimp Image, respondents violated petitioner's exclusive right to copy and distribute its copyrighted image, in violation of the Copyright Act, 17 U.S.C. 106. See *id.* 9a.[3] In addition, petitioner alleged that respondents violated Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), by distributing an inferior product using an image that was likely to cause consumer confusion or mistake as to the source of the products respondents were selling. App. 9a.

Petitioner obtained preliminary injunctions against certain respondents continuing to sell the offending Lockpur product. The district court also granted default judgments against Lockpur and another defendant. Petitioner agreed to settlements or stipulated dismissals with six other defendants. The district court subsequently granted summary judgment to the remaining defendants on the trademark and copyright claims. App. 22a, 39a, 57a. The court held that petitioner lost its copyright in the Image in the late 1980s when one of petitioner's marketing agencies inadvertently published eight magazine advertisements containing the image without the notice of copyright required by the Copyright Act of 1976, 17 U.S.C. 401(b), 405(a). App. 13a-22a.

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[2] The original complaint was filed against Lockpur and respondent Berdex in October 1998. App. 9a-10a. Additional defendants were added through amendments to the complaint and a separate lawsuit that was eventually consolidated in the Central District of California. *Id.* 10a & n.1.

[3] Petitioner did not bring a copyright claim against respondents Fishery Products International, Inc., Sea Port Products Corporation, and Admiralty Island Fisheries Inc. See App. 3a.

With respect to petitioner's trademark claims, the district court held that even if respondents violated petitioners' trademark, petitioner was not entitled to any relief. Petitioner was not entitled to actual damages, the court held, because it failed to establish any actual confusion or pecuniary loss as a result of the trademark violations. C.A. E.R. at 402-407. The court further held that petitioner was not entitled to disgorgement of respondents' profits because it could not show that "'the infringement [was] willfully calculated to exploit the advantage of an established mark.'" App. 32a, 48a (quoting *Lindy Pen Co.* v. *Bic Pen Corp.*, 982 F.2d 1400, 1405 (CA9 1993)). In the court's view, the summary judgment evidence failed to establish that respondents ever looked inside the master cartons they were buying and reselling, thereby precluding a finding of willful infringement. *Id.* 36a, 43a, 50a-51a. Finally, the court held that petitioner was not entitled to permanent injunctive relief because respondents had severed business ties with Lockpur during the pendency of the litigation. *Id.* 54a-56a; see also C.A. E.R. 933-35, 950-52, 971-73, 993-95, 1015-16.[4]

3. Petitioner appealed. The Ninth Circuit generally affirmed the district court's judgment regarding both the copyright and trademark claims. The court first declined to decide the validity of petitioner's copyright, App. 4a n.1, holding instead that petitioner failed to prove any infringement by respondents. Although the court acknowledged that Lockpur's *direct* infringement was "easily established," *id.* 4a-5a, the court held that petitioner failed to prove the elements of a *contributory* or *vicarious* copyright infringement claim against respondents, *id.* 5a-6a & n.2. Applying its decision in *MGM Studios, Inc.* v. *Grokster, Ltd.*, 380 F.3d 1154, 1164, cert. granted, 125 S. Ct. 686 (2004), the

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[4] The district court issued numerous essentially identical orders in the various consolidated cases. The duplicate orders are not reproduced in the appendix but appear in the excerpts of record from the court of appeals.

court held that to prevail under a theory of vicarious infringement, petitioner would "have to establish that [respondents] received a direct financial benefit from the infringement and that [respondents] had the right and ability to supervise Lockpur." App. 5a n.2. Petitioner could not prevail on such a claim, the court held, because respondents "did not have the requisite control over Lockpur" and because "there was no evidence in the record that [respondents] received any benefits whatsoever" from Lockpur's infringing use of the Boiling Shrimp image. *Ibid.* The court further held that petitioner could not prevail under the theory of contributory infringement because it did not show that respondents "knew or had reason to know of Lockpur's infringement." *Id.* 5a.

The court also affirmed the district court's denial of all relief under the Lanham Act. The court assumed that petitioner had a valid trademark in the Boiling Shrimp Image. App. 6a. The court also acknowledged that "Contessa has introduced evidence supporting a reasonable inference that defendants Fishery Products, Berdex and Coast-to-Coast did distribute product in packaging containing the Image." *Id.* 7a.[5] Applying settled circuit precedent, the court nonetheless held that petitioner was precluded from seeking disgorgement of any profits resulting from that infringement "because of an absence of any evidence supporting a reasonable inference that any of [respondents] *willfully infringed* its alleged trademark." *Id.* 7a (citing *Lindy Pen Co.*, 982 F.2d at 1406) (emphasis added). The court also affirmed the district court's

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[5] With respect to five other defendants, the court held that petitioner's trademark claims failed because petitioner had not produced sufficient evidence to show that those defendants had ever used the Boiling Shrimp Image in commerce. App. 6a-7a. Petitioner does not seek review of this aspect of the court of appeals' decision and, accordingly, does not challenge the judgment with respect to those five defendants on the trademark claims.

denial of injunctive relief in light of its finding that the defendants "had permanently terminated business relations with Lockpur and had neither commercial interest nor motivation to use the allegedly infringing Image." *Ibid.* Because petitioner did not appeal the denial of actual damages, the court's ruling left petitioner with no entitlement to any relief if it prevailed on the merits of its trademark claims. Accordingly, the court of appeals affirmed the dismissal of petitioner's trademark claims in their entirety. *Id.* 4a.

Petitioner filed a petition for rehearing or rehearing en banc, which was denied. App. 62a. This petition followed.

REASONS FOR GRANTING THE WRIT

This Court should grant the petition for certiorari to resolve an entrenched three-way split of authority among the courts of appeals regarding the proper standard for awarding disgorgement of profits for trademark infringement or other violations of Section 43(a) of the Lanham Act. Three circuits hold that an award of profits is permitted only in cases of willful infringement. Two circuits hold that willful infringement is required unless the plaintiff qualifies for an award of compensatory damages, in which case the defendant's profits may be used as a measure of actual damages. Four other circuits have rejected either per se rule in favor of permitting district courts to exercise their equitable discretion in light of all the relevant factors, including the presence or absence of willfulness.

The difference in these standards is particularly important in the many cases, like this one, in which American distributors resell infringing products manufactured abroad. In such cases, an award of profits from the reseller may be the only remedy practically available to a trademark owner. Yet, the absolute prerequisite of willful infringement precludes recovery from distributors who are able to disclaim knowledge of the infringement even as they profit from it. This result is inconsistent with the text and purposes of the

Lanham Act, which explicitly confers upon the district court equitable discretion to fashion appropriate remedies according to the circumstances of the case. See 15 U.S.C. 1117(a).

In addition, the Ninth Circuit's dismissal of petitioner's copyright claims based on the legal standards established in *MGM Studios, Inc.* v. *Grokster, Ltd.*, 380 F.3d 1154 (2004), may require re-examination in light of this Court's decision in that case. See *MGM Studios, Inc.* v. *Grokster Ltd.*, No. 04-480 (pending as of the date this petition was filed). Accordingly, if this Court declines to review the trademark decision below, and this Court reverses the Ninth Circuit's decision in *Grokster*, it may be appropriate to grant the petition, vacate the court of appeals' decision, and remand for reconsideration in light of the *Grokster* decision.

I. Certiorari Is Warranted To Resolve The Division Among The Courts Of Appeals Over Whether Willfulness Is A Prerequisite For An Award Of Profits For Violations Of Section 43(a) Of The Lanham Act.

This case presents an opportunity for this Court to resolve the long-standing three-way split of authority among the federal circuits regarding the prerequisites for an award of profits for violations of Section 43(a) of the Lanham Act.

A. The Courts Of Appeals Are Split Three Ways Over The Prerequisites For An Award Of Profits Under The Lanham Act.

The Lanham Act prohibits a number of forms of unfair trade practices, including infringement upon registered trademarks (Section 32), infringement upon non-registered trademarks, false advertising, and false descriptions of origin (Section 43(a)), dilution of famous marks (Section 43(c)), and "cyberpiracy" (Section 43(d)). Petitioner's trademarks claims arise under Section 43(a), which provides in relevant part:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in

> commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. 1125(a).

Monetary remedies for violations of the Lanham Act are provided by Section 35(a), which specifies that

> [w]hen a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) [false description or designation of origin] or (d) [cyberpiracy], or a *willful* violation under section 43(c) [dilution of famous marks], shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C. 1117(a) (emphasis added).[6]

Although this provision has an explicit requirement of willfulness only with respect to *dilution* claims under Section 43(c), three circuits hold that willfulness is an absolute prerequisite for *all* awards of profits under this provision, including awards for trademark infringement under Section 43(a). See *Bishop* v. *Equinox Int'l Corp.*, 154 F.3d 1220, 1223 (CA10 1998) ("[A]n award of profits requires a showing that defendant's actions were willful or in bad faith."); *George Basch Co.* v. *Blue Coral, Inc.*, 968 F.2d 1532, 1534 (CA2 1992) ("[I]n order to justify an award of profits, a plaintiff must establish that the defendant engaged in willful deception."); *ALPO Petfoods, Inc.* v. *Ralston Purina Co.*, 913 F.2d 958, 968 (CADC 1990) ("[A]n award based on a defendant's profits requires proof that the defendant acted willfully or in bad faith.").

The First and Ninth Circuits hold that willfulness is a prerequisite for a profits award, except in cases where the plaintiff qualifies for compensatory damages, in which case the defendant's profits may be awarded as a measure of the plaintiff's damages without proof of willfulness. Thus, the First Circuit requires proof of willfulness "when the rationale for an award of defendant's profits is to deter some egregious conduct." *Tamko Roofing Prods., Inc.* v. *Ideal Roofing Co.*, 282 F.3d 23, 36 n.11 (2002). But the First Circuit holds that "an accounting of defendant's profits where the products directly compete does not require fraud, bad faith, or palming off," *id.* at 36, on the theory "that defendant's profits would have gone to plaintiff if there was no violation," *Aktiebolaget Electrolux* v. *Armatron Int'l, Inc.*, 999 F.2d 1, 5 (1993). The Ninth Circuit likewise does not require proof of willfulness "when plaintiff seeks the defendant's profits as a measure of his own damage" resulting from "lost sales." *Adray* v. *Adry-Mart, Inc.*, 76 F.3d 984, 988 (1995) (citing *Lindy Pen Co.* v.

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[6] Injunctive relief is governed by Section 34. See 15 U.S.C. 1116.

Bic Pen Corp., 982 F.2d 1400, 1407-09 (CA9 1993)). But when a plaintiff is unable to show that it has suffered any lost sales as a result of the infringement, it may "recover * * * profits only if the infringement was willful." *Ibid.* (citing *Lindy Pen Co.*, 982 F.2d at 1405-09). Thus, in this case, because petitioner was unable to show lost sales due to the infringement, the Ninth Circuit required proof of willfulness for an award of profits. App. 7a.

Among the circuits that require proof of willfulness, there is yet further division over what constitutes a willful violation sufficient to justify an award of profits. See James M. Koelemay, Jr., *A Practical Guide to Monetary Relief in Trademark Infringement Cases*, 85 TRADEMARK REPORTER 263, 270 (1995) ("Those courts that retain a scienter requirement have not defined 'bad faith' or 'willfulness' consistently."); Doris E. Long, UNFAIR COMPETITION AND THE LANHAM ACT § 7.11.3.3 (1993) (noting inconsistency). Some circuits, including the Ninth, require "bad faith" or a "deliberate intent to deceive" consumers. See *Basch Co.*, 968 F.2d at 1534; *Lindy Pen Co.*, 982 F.2d at 1406. Thus, in this case, the district court rejected petitioner's assertion that willfulness could be established by showing that respondents were willfully blind to whether the shrimp they were reselling was packaged with an infringing image. App. 33a. Other courts, by contrast, apply a broader definition. The First Circuit, for example, has awarded profits for willful infringement when a jury was instructed that "an act is done willfully if done voluntarily and intentionally." *Tamko*, 282 F.3d at 36 n.10.

In conflict with all of those standards, five other circuits have held that willfulness is never a prerequisite for an award of profits under the Lanham Act, ruling instead that district courts must exercise equitable discretion in light of all the relevant circumstances, including the defendant's level of culpability. See *Banjo Buddies, Inc.* v. *Renosky*, 399 F.3d 168, 174 (CA3 2005) (rejecting a "bright-line willfulness requirement"); *Quick Techs., Inc.* v. *Sage Group PLC*, 313

F.3d 338, 349 (CA5 2002) ("[I]n light of the plain language of § 1117(a), * * * we decline to adopt a bright-line rule in which a showing of willful infringement is a prerequisite to an accounting of profits."); *Wynn Oil Co.* v. *American Way Serv. Corp.*, 943 F.2d 595, 607 (CA6 1991) ("[T]here is no express requirement that the parties be in direct competition or that the infringer willfully infringe the trade dress to justify an award of profits.") (citation omitted); *Roulo* v. *Russ Berrie & Co.*, 886 F.2d 931, 941 (CA7 1989) (explaining that "other than general equitable considerations, there is no express requirement * * * that the infringer willfully infringe * * * to justify an award of profits"); *Burger King Corp.* v. *Mason*, 855 F.2d 779, 781 (CA11 1988) ("Nor is an award of profits * * * dependent upon a higher showing of culpability on the part of the defendant, who is purposely using the trademark.").

This division of authority is considered, mature, and unresolvable without intervention by this Court. The split has persisted more than a decade[7] and has been repeatedly acknowledged by the courts themselves. See, *e.g.*, *Banjo Buddies*, 399 F.3d at 174; *Quick Techs.*, 313 F.3d at 347-48. The question has received considerable analysis in the courts of appeals, see, *e.g.*, *Basch Co.*, 968 F.2d at 1537-40; *Quick Techs.*, 313 F.3d at 346-49, as well as from authors of trademark treatises and law reviews.[8] Nonetheless, over the

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[7] Indeed, as early as 1993, the author of a textbook on the Lanham Act was able to observe that "[t]here is an established split in the circuits regarding the type of proof necessary to obtain an accounting of the defendant's profits." Doris E. Long, UNFAIR COMPETITION AND THE LANHAM ACT § 7.11.3.3.

[8] See, *e.g.*, 3 J. Gilson, TRADEMARK PROTECTION AND PRACTICE § 14.03[6][c](i) (2005); 5 J. McCarthy, TRADEMARK AND UNFAIR COMPETITION § 30:62 (2004); Danielle Conway-Jones, *Remedying Trademark Infringement: The Role of Bad Faith In Awarding An Accounting of Defendants' Profits*, 42 SANTA CLARA L. REV. 863 (2002); Eugene W. Luciani, *Note: Does The*

past ten years, the disagreement has intensified rather than dissipated. Intervention by this Court is required if uniformity is to be restored to the law.

B. Whether Willfulness Is Required For An Award Of Profits For Violations Of Section 43(a) Is A Question Of Substantial And Recurring Importance.

The question of when an award of profits should be available under the Lanham Act is a recurring issue of substantial importance, as illustrated by the fact that nine circuits have squarely and repeatedly addressed the question. See *supra* at 10-12. The question is especially important because a willfulness prerequisite often precludes the only practically available remedy against a trademark infringer.

This case presents a compelling example. When an American distributor sells infringing products manufactured and packaged overseas, the initial infringer is often beyond the reach of American courts as a legal or practical matter.[9] And although the American distributors may profit handsomely in reselling the foreign infringing products, damages are difficult to prove in trademark infringement cases in the best of circumstances. See *Mishawaka Rubber & Woolen Mfg. Co.* v. *Kresge*, 316 U.S. 203, 206 (1942).

Bad Faith Requirement In Accounting of Profits Damages Make Economic Sense?, 6 J. INTELL. PROP. L. 69, 78-82 (1998); Keith M. Stolte, *Remedying Judicial Limitations on Trademark Remedies: An Accounting of Profits Should Not Require a Finding of Bad Faith*, 87 TRADEMARK REPORTER 271, 298 (1997) ("[T]he Supreme Court should review the question of whether the Lanham Act requires proof of bad faith in order for a trademark owner to recover any portion of an infringer's profits."); Koelemay, *supra*, at 263 ("On the key issue of scienter, a clear split has developed among the Circuits that may warranted Supreme Court review.").

[9] Thus, in this case petitioner obtained a default judgment against Lockpur but has no expectation that it will be able to collect on the judgment against this Bangladeshi company.

Although a violation of the Lanham Act may be established by proving that the defendant has used a mark that creates a *likelihood* of confusion, most courts require proof of *actual* consumer confusion for an award of damages. See 5 J. McCarthy, TRADEMARKS AND UNFAIR COMPETITION § 30:74 (2002); 3 J. Gilson, TRADEMARK PROTECTION AND PRACTICE § 14.03[3][b] (2005). However, "[i]n literally hundreds of cases, the courts have universally acknowledged that proof of actual confusion is extremely difficult, if not almost impossible, to secure." Keith M. Stolte, *Remedying Judicial Limitations on Trademark Remedies: Monetary Relief Should Not Require Proof of Actual Confusion*, 75 DENV. U. L. REV. 229, 245 (1997).[10] In addition, while a plaintiff alleging a violation of Section 43(a) need not prove the amount of damages with precision, courts will deny "a monetary award in infringement cases when damages are remote and speculative." *Lindy Pen Co.*, 982 F.2d at 1408. Accordingly, a damage award may not be available when the owner's

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[10] See, *e.g.*, *Savin Corp.* v. *Savin Group*, 391 F.3d 439, 459 (CA2 2004) ("[A]ctual confusion is very difficult to prove."); *Kos Pharms., Inc.* v. *Andrx Corp.*, 369 F.3d 700, 720 (CA3 2004) ("[R]eliable evidence of actual confusion is difficult to obtain in trademark and unfair competition cases.") (citation omitted); *Scarves by Vera, Inc.* v. *Todo Imports Ltd.*, 544 F.2d 1167, 1175 (CA2 1976) ("'[A] showing of actual confusion is * * * very difficult to demonstrate' with reliable proof.") (citation omitted); *W. E. Bassett Co.* v. *Revlon, Inc.*, 435 F.2d 656, 662 (CA2 1970) ("showing of actual confusion is * * * very difficult to demonstrate"); *Tisch Hotels, Inc.* v. *Americana Inn, Inc.*, 350 F.2d 609, 612 (CA7 1965) ("[R]eliable evidence of actual confusion is difficult to obtain.") (citation omitted); *David Sherman Corp.* v. *Heublein, Inc.*, 340 F.2d 377, 381 (CA8 1965) ("[I]t is usually difficult to ferret out instances of actual confusion even though they exist."); *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.* , 281 F.2d 755, 761 (CA2 1960) ("[R]eliable evidence of actual instances of confusion is practically almost impossible to secure.").

injury is impossible to quantify.[11] Finally, in some cases, damages may be unavailable because the trademark owner suffered no cognizable harm from the infringement, other than the trespass on its statutory rights. This may happen, for example, when the infringer does not compete in the same market as the mark's owner. Cf. 5 J. McCarthy, *supra*, § 30:64.

Accordingly, an award of profits is often the only means of depriving the infringer of the benefits of its illegal conduct or, when appropriate, compensating the victim. A willfulness prerequisite, however, frequently renders that only possible remedy effectively unavailable. In this case, for example, the court of appeals held that respondents' failure to inspect the packaging they were reselling precluded an award of profits. See App. 5a, 7a. Such a rule effectively insulates American distributors of foreign infringing products from *any* liability under the Lanham Act so long as they remain sufficiently uninformed about the products they are selling. A distributor may, for example, be aware that there is great demand for the Chinese watches it is reselling in the United States, without knowing that the reason for the demand is that the product infringes on the trademarks of a famous watch maker. Such ignorance is, in fact, perversely encouraged by the willfulness prerequisite applied in this case and others.

The willfulness prerequisite pervasively precludes meaningful relief in other contexts as well. For example, the willfulness requirement generally precludes profit awards in "reverse confusion cases," in which "a large junior user saturates the market with a trademark similar or identical to that of a smaller, senior user." *Sands, Taylor & Wood Co.* v. *Quaker Oats Co.*, 978 F.2d 947, 957 (CA7 1992) (maker of

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[11] See, *e.g.*, *ALPO*, 913 F.2d at 970-71 (false advertisement disparaging plaintiff's product); *Downtowner/Passport International Hotel Corp.* v. *Norlew, Inc.*, 841 F.2d 214, 220 (CA8 1988) (defendant continued to operate hotel using plaintiff's mark after franchise agreement had expired).

Gatorade infringed on prior user's trademark for "Thirst-Aid" in large advertising campaign). Willfulness "is necessarily absent in a reverse confusion case," *id.* at 961, since in "such a case, the junior user does not seek to profit from the good will associated with the senior user's mark," *id.* at 957. "Nonetheless, the senior user is injured" by the loss "of the value of the trademark – its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets." *Ibid.*

Thus, the difference between considering willfulness as a *factor* and treating it as a *prerequisite* for disgorgement will often be the difference between a meaningful remedy for trademark infringement and no remedy at all. That substantial difference in outcome currently varies with the forum of the suit. A party in petitioner's position may obtain a substantial award of profits in Chicago or Philadelphia, but will be left with no remedy whatsoever for exactly the same infringing conduct in Los Angeles or New York. This difference in treatment is not only unfair and inconsistent with Congress's purpose of providing uniform national trademark protection; it also provides an acknowledged, inappropriate incentive for forum shopping in infringement cases. See Koelemay, *supra*, at 263 (advising that "[p]laintiffs should consider the different approaches taken in the various circuits prior to selecting a forum and filing suit").

C. This Case Is An Ideal Vehicle For Resolving The Split.

This case presents an ideal vehicle for resolving the division among the courts of appeals. The Ninth Circuit's willfulness requirement was the basis of the decision below. See App. 7a. Moreover, the circuit conflict is clearly presented on the facts of this case: petitioner is disentitled from seeking an award of profits under the bright-line rule of the Ninth Circuit, but petitioner would not be precluded from seeking disgorgement (and very likely would receive it, see *infra* at 22) under the flexible equitable standards employed

in other circuits. Moreover, petitioner is aware of no jurisdictional or other barriers to this Court's deciding the question were it to grant the petition for certiorari.

D. Willfulness Is Not A Prerequisite For An Award Of Profits For Trademark Infringement.

Review is also warranted because the Ninth Circuit's decision is incorrect, conflicting with the plain language of the statute and the congressional purposes animating the Act.

1. Imposition Of An Absolute Willfulness Prerequisite Conflicts With The Text Of The Statute.

The text of Section 35(a) demonstrates Congress's intent to require willfulness as a prerequisite for an award of profits only for dilution claims under Section 43(c) and not for claims under Section 43(a). Prior to 1999, the statute authorized an award of profits for "a violation under section 43(a) * * * subject to principles of equity." 15 U.S.C. 1117(a) (1998). In 1999, however, Congress amended the statute to authorize an award for "a violation under Section 43(a), or a *willful violation under section 43(c)*." Pub. L. No. 106-43, § 3(b), 113 Stat. 218, 219 (Aug. 5, 1999) (emphasis added). And after Congress later amended the statute to prohibit "cyberpiracy" in Section 43(d), it revised Section 35(a) to its current form, authorizing profit awards for "a violation under Section 43(a) or (d), or a willful violation under section 43(c)." 15 U.S.C. 1117(a). The text of the statute thus reflects Congress's careful determination to ensure that willfulness is required as a prerequisite for dilution claims, but not for claims under Section 43(a) or (d).

This intention is also reflected elsewhere in the statute. Congress repeated the willfulness requirement for dilution claims in the body of Section 43(c) itself, providing that "the owner of a famous mark shall be entitled only to injunctive relief * * * unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. 1125(c)(2).

But Congress provided no such language in the text of Section 43(a) or (d). See 15 U.S.C. 1125(a), (d). Congress also repeated the distinction between awards of profits for a "violation under section 43(a)" and a "*willful* violation under section 43(c)" in the provision governing the destruction of infringing articles, *id.* § 1118 (emphasis added).

Moreover, when Congress intended to limit other types of relief to willful violations, it did so expressly. For example, Congress provided different levels of statutory damages for counterfeit marks depending on whether "the court finds that the use of the counterfeit mark was willful." 15 U.S.C. 1117(c)(2). And the statute authorizes an injunction against an internet domain name registry only if it "willfully failed to comply with any [prior] court order." *Id.* § 1114(2)(D)(i)(II)(cc).

Interpreting Section 35(a) to contain an *implicit* willfulness prerequisite for all profit awards is also inconsistent with the *explicit* limitations on remedies set forth in that provision. Section 35(a) makes awards of profits "subject to the provisions of sections 29 and 32." 15 U.S.C. 1117(a). Section 32, in turn, provides that printers and publications that engage in "innocent" infringement are subject only to injunctive relief. *Id.* § 1114(2)(A)-(B). It similarly provides that the owner of a registered trademark "shall not be entitled to recover profits or damages" for certain reproduction of registered trademarks for use in labels or advertising, "unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive." *Id.* § 1114(1).[12] Neither of these exceptions would be necessary if Section 35(a) already required proof of willful infringement for all awards of profits. Moreover, it is implausible that

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[12] Section 29 precludes an award of damages or profits for infringement of a registered trademark if the registrant failed to display the required registration symbol, unless the infringer had actual notice of the registration. 15 U.S.C. 1111.

Congress would express its intent to limit profit awards to willful infringement so explicitly in Section 32(b), yet leave the same intention in Section 35(a) wholly unexpressed.

Rather than imposing absolute prerequisites for Section 43(a) cases, Congress directed that awards of profits and damages should be tailored to the circumstances of each case. Section 35(a) expressly provides that profits shall be awarded "subject to the principles of equity." 15 U.S.C. 1117(a). "The essence of equity jurisdiction has been the power of the Chancellor to do equity and to mould each decree to the necessities of the particular case." *Hecht Co.* v. *Bowles*, 321 U.S. 321, 329 (1944). Thus, Congress provided that "the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case" if it finds "that the amount of the recovery based on profits is either inadequate or excessive." 15 U.S.C. 1117(a). This instruction demonstrates Congress's intent that decisions in accordance with "the principles of equity" shall be made on the facts of particular cases, rather than through the imposition of categorical exemptions or universal prerequisites.

2. "Principles Of Equity" Do Not Support Requiring Willfulness As A Prerequisite For An Award Of Profits In Every Case.

The requirement that profits be awarded "subject to principles of equity" has, however, been misinterpreted in some quarters as a license to impose an across-the-board willfulness prerequisite that Congress declined to enact. See, *e.g.*, *The George Basch Co.*, 968 F.2d at 1537; RESTATEMENT (THIRD) UNFAIR COMPETITION § 37 & cmt. a (1995).[13] This conclusion is in error for several reasons.

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[13] The Restatement imposed a willfulness requirement in its 1995 edition, several years before Congress amended the Lanham Act to explicitly require willfulness for claims in dilution cases, but not claims under Section 43(a). See *supra* at 17. While the

First, the equitable discretion bestowed on courts by Section 35(a) must be exercised in light of the policy choices already made by Congress and expressed in the text of the statute. See *United States* v. *Oakland Cannabis Buyers' Coop.*, 532 U.S. 483, 497 (2001) ("[A] court sitting in equity cannot 'ignore the judgment of Congress, deliberately expressed in legislation.'"). While Congress did not preclude courts from considering willfulness as a factor in the exercise of "principles of equity," Congress's decision to require willfulness as a prerequisite for an award of profits only for dilution claims prevents the courts from requiring willfulness in every claim for disgorgement under Section 43(a).

Second, it is simply not the case that equity requires willfulness to support an award of profits in all circumstances. As Judge Posner has explained,

> the principles of equity referred to in section 1117(a) do not * * * justify withholding all monetary relief from the victim of a trademark infringement merely because the infringement was innocent. As between the "innocent" infringer who seeks to get off scot-free, and the innocent infringed who has neither engaged in any inequitable conduct nor sought treble damages or treble profits (or indeed any part of the defendant's profits that is attributable to the defendant's superior efficiency rather than to the plaintiff's trademark), the stronger equity is with the innocent infringed.

Louis Vuitton S.A. v. *Lee*, 875 F.2d 584, 588-89 (CA7 1989).

An award of profits can equitably serve a number of functions, including compensation, prevention of unjust enrichment, and deterrence. See, *e.g.*, *Tamko*, 282 F.3d at 36; *Roulo*, 886 F.2d at 941; 5 J. McCarthy, *supra*, § 30:64; 3 J.

Restatement may accurately reflect the requirements of state statutory and common law unfair trade practices doctrines, it is inconsistent with the Lanham Act in its present form.

Gilson, *supra*, § 14.03[6][b]. The relevance of willfulness to these purposes varies depending on the function served and the facts of each particular case. Thus, an award of profits may serve as an indirect measure of damages, particularly when it is apparent that the infringement has diverted sales from the victim to the infringer. See, *e.g.*, *Tamko*, 282 F.3d at 29-30; 5 J. McCarthy, *supra*, § 30:64. Willfulness has little relevance in that context. Indeed, the courts generally agree that an award of compensatory damages is not contingent upon proof of bad faith or willfulness. See *Tamko*, 282 F.3d at 37; *The George Basch Co.*, 968 F.2d at 1540; 3 J. Gilson, *supra*, § 14.03[3][a].

An award of profits also may serve to compensate for other forms of very real harm that are less concrete than a loss of sales, and, therefore, even more difficult to prove. For example, use of a mark on an inferior product may damage the owner's reputation and goodwill with consumers, even when used on non-competing products. In such cases, however, the owner will be unable to show a diversion of sales to the infringer, and will be hard pressed to prove and quantify the reputational harm. See 5 J. McCarthy, *supra*, § 30:77 (noting that "it may be very difficult for plaintiff to prove the fact and amount of damage to its goodwill"). An award of profits may nonetheless serve as an equitable remedy for that harm. Again, however, willfulness has no bearing on the existence or extent of the injury and should not be a perquisite for its remedy.

Disgorgement of profits also is often appropriate to prevent unjust enrichment. See, *e.g.*, *Roulo*, 866 F.2d at 941; 5 J. McCarthy, *supra*, § 30:64. As this Court long ago explained, the "right to use a trade-mark is recognized as a kind of property, of which the owner is entitled to the exclusive enjoyment." *Hamilton-Brown Shoe Co.* v. *Wolf Brothers & Co.*, 240 U.S. 251, 259 (1916). Thus, if "another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress" through an accounting of profits. *Mishawaka*, 316 U.S. at 205 (1942).

This remedy "comports with experience," which teaches that "the wrongdoer who makes profits from the sales of goods bearing a mark belonging to another was enabled to do so because he was drawing upon the good will generated by that mark." *Id.* at 207. Accordingly, an accounting of profits may be awarded to prevent unjust enrichment even if compensatory damages are also granted. *Hamilton-Brown Shoe Co.*, 240 U.S. at 259.

"Ordinarily, where financial benefits have been secured and retained by an infringer, it is of little consequence that the infringer had not acted willfully or in bad faith." Stolte, *supra*, at 285; see also *Burger King*, 855 F.2d at 781. When an infringer profits from using a trademark it was legally required to license, or not use, the fact and amount of unjust enrichment does not vary depending on the willfulness of the infringement. Thus, in *Mishawaka*, this Court approved an award of profits under the predecessor to the Lanham Act, even in the absence of any finding of willful infringement, where a shoe manufacturer profited from the display of a senior user's symbol. 316 U.S. at 203-04; see also *id.* at 208-09 (Black, J., dissenting) (arguing that profits should not have been awarded because defendant did not willfully palm off shoes and plaintiff had proved no injury). Permitting a defendant to keep the profits accrued through the illegal use of another's trademark, even if the infringement is not willful, "would give a windfall to the wrongdoer." *Id.* at 207.

Finally, even in the absence of willfulness, an award of profits serves an appropriate deterrent purpose, providing infringers with an incentive to pay greater heed to the trademark rights protected by the Act. See *Mishawaka*, 316 U.S. at 207 (noting that award of profits "promotes honesty"); *Tamko*, 282 F.2d at 29-30; *Burger King*, 855 F.2d at 781; 5 J. McCarthy, *supra*, § 30:64. Willfulness is clearly relevant to this function of a profits award. However, even in this context, its relevance will vary from case to case. For example, in this case, the court of appeals determined that respondents' conduct in selling infringing products without

examining their packaging was not willful. Yet such disregard for the trademark rights of others can and should be deterred.

Indeed, this case amply demonstrates the error in the assumption that an award of profits can be equitable only in response to willful infringement. For there is nothing inequitable in holding respondents accountable for the content of the packaging they sell for profit in U.S. markets. Indeed, if respondents manufactured the products they were selling, rather than outsourcing production to a Bangladeshi supplier, there would be no question that they would be liable for selling shrimp in competition with petitioner using an image that was essentially copied from petitioner's established brand. That petitioner was unable to prove actual lost sales, or quantify an injury to its reputation and goodwill, does not mean that no harm was suffered. Moreover, the fact that respondents' exploitation of petitioner's valuable trademark may have been merely negligent does not mean that respondents did not profit from their "poach[ing] upon the commercial magnetism of the symbol" petitioner created and made valuable through substantial investment in the quality of its products and extensive marketing. *Mishawaka*, 316 U.S. at 205. Respondents should not be entitled to retain the profits attributable to that infringing use simply because they did not monitor the packaging of the products they were selling.

Precluding a court from even *considering* the equities of this case is not necessary in order to "limit what may be an undue windfall to the plaintiff, and [to] prevent the potentially inequitable treatment of an 'innocent' or 'good faith' infringer." *The George Basch Co.*, 968 F.2d at 1540 (explaining basis for court's willfulness prerequisite). A court may protect a truly innocent infringer by taking that innocence into account in light of *all* the relevant equitable factors. See *Champion Spark Plug Co.* v. *Sanders*, 331 U.S. 125, 131 (1947) (a court may, in its discretion, deny an award of profits when it is equitable to do so). Moreover, the law protects against unfair liabilities and windfalls by limiting the

award to that portion of the profits arising from the infringement, see *Mishawaka*, 316 U.S. at 206, and by providing the court discretion to adjust the award to "such sum as the court shall find to be just, according to the circumstances of the case," 15 U.S.C. 1117(a).[14]

II. This Case May Require Reconsideration In Light Of This Court's Decision In *Grokster*.

If this Court determines not to grant the petition for certiorari to review the court of appeals' trademark decision, the petition should nonetheless be considered for a possible remand in light of this Court's decision in *MGM Studios, Inc.* v. *Grokster Ltd.*, No. 04-480. As of the date of the filing of this petition, this Court's decision in *Grokster* is still pending. Accordingly, petitioner is unable to state with certainty that a remand is appropriate. However, both *Grokster* and the decision of the Ninth Circuit below turn on the proper interpretation and application of principles of third-party liability under the Copyright Act. See App. 5a n.2. Indeed, in dismissing petitioner's copyright clams in this case, the court of appeals relied directly on its prior decision in *Grokster* to establish the elements of vicarious and contributory copyright infringement claims. *Ibid.* Accordingly, if this Court concludes that *Grokster* was wrongly decided in the Ninth Circuit, a remand could be in order to allow the court of appeals to revisit its copyright decision in this case in light of this Court's decision. Petitioner will, therefore, supplement its petition as appropriate when the opinion in *Grokster* is handed down.

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[14] Section 35(a) further requires that any modified award must "constitute compensation and not a penalty." 15 U.S.C. 1117(a).

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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June 15, 2005

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NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

CONTESSA FOOD PRODUCTS INC., fka ZB Industries Inc., a California Corporation,

Plaintiff-Appellant,

v.

LOCKPUR FISH PROCESSING CO. LTD.,

Defendant,

and,

BERDEX SEAFOOD INC.; THE MAZZETTA COMPANY, an Illinois Corporation; SLADE GORTON & CO., INC., a Massachusetts Corporation; HANWA AMERICAN CORP., a New York Corporation; FISHERY PRODUCTS INTERNATIONAL INC., a Massachusetts Corporation; COAST TO COAST SEAFOOD, INC.; SEA PORT PRODUCTS CORPORATION, a Washington Corporation; ADMIRALTY ISLAND FISHERIES INC., a Corporation dba Aqua Star,

Defendants-Appellees.

No. 03-55415

D.C. No. CV-98-08218-NMM

MEMORANDUM*

(Filed Jan. 03, 2005)

* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

CONTESSA FOOD PRODUCTS INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellee, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and THE MAZZETTA COMPANY, an Illinois Corporation, Defendant-Appellant.	No. 03-55469 D.C. No. CV-98-08218-NMM
CONTESSA FOOD PRODUCTS INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellee, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and SLADE GORTON & CO., INC., a Massachusetts Corporation, Defendant-Appellant.	No. 03-55502 D.C. No. CV-98-08218-NMM

CONTESSA FOOD PRODUCTS INC., fka ZB Industries Inc., a California Corporation,

Plaintiff-Appellee,

v.

LOCKPUR FISH PROCESSING CO. LTD.,

Defendant,

and

HANWA AMERICAN CORP., A New York Corporation,

Defendant-Appellant.

No. 03-55581

D.C. No. CV-98-08218-NMM

Appeal from the United States District Court
for the Central District of California
Nora M. Manella, District Judge, Presiding

Argued and Submitted November 1, 2004
Pasadena, California

Before: SCHROEDER, Chief Judge, GOODWIN and CLIFTON, Circuit Judges.

Contessa Food Products, Inc. appeals dismissal on summary judgment of its copyright infringement claims against defendants Berdex Seafood Inc., Coast to Coast Seafood, Inc., Mazzetta Company LLC, Slade Gorton & Company, Inc., and Hanwa America Corporation. Contessa also appeals dismissal on summary judgment of its Lanham Act claims for disgorgement of profits and injunctive relief against the aforementioned defendants, as well as against defendants Fishery Products International, Sea Port Products Corporation, and Admiralty Island Fisheries, Inc. (collectively "Defendants"). Defendants Mazzetta,

Hanwa America, and Slade Gorton cross-appeal the district court's decision denying their request for attorneys' fees under the Copyright Act. We affirm the dismissal of Contessa's copyright and trademark claims. We reverse the decision to deny Mazzetta, Hanwa America, and Slade Gorton attorneys' fees under the Copyright Act and remand to the district court for a determination of the reasonable attorneys' fees each incurred defending against Contessa's copyright claims.

Contessa acknowledges that these Defendants did not themselves copy its Boiling Shrimp Image, claiming instead that they are liable for contributory copyright infringement. *See Sony Corp. of America v. Universal City Studios. Inc.*, 464 U.S. 417, 435 (1984) (explicitly recognizing contributory copyright infringement as a viable theory of liability under the Copyright Act). The three elements required to establish contributory copyright liability are: (1) direct infringement by a primary infringer, (2) knowledge of the infringement, and (3) material contribution to the infringement. *MGM Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1160 (9th Cir. 2004); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996) (noting that contributory liability is based in tort law and "stems from the notion that one who directly contributes to another's infringement should be held accountable").

Assuming, *arguendo*, that Contessa does have a protectable copyright in the Image,[1] the element of direct infringement is easily established given that it is undisputed that

[1] For the reasons discussed herein, we do not need to, and therefore we do not reach the issue of whether Contessa has a protectable copyright in the Boiling Shrimp Image.

Lockpur Fish Processing Co., Inc. copied the Image with only *de minimis* modifications and placed it on some of the packaging it used to ship frozen block shrimp from Bangladesh to the United States. However, Contessa cannot succeed on a theory of contributory liability against any of these Defendants because it has failed to establish a genuine issue of material fact that any of the Defendants knew or had reason to know of Lockpur's infringement.[2]

Even assuming that some employees of at least some Defendants were aware that Contessa used the Image to market its product, there is no basis in the record for making the leap that they knew that Lockpur was using the Image on some of the inner packaging contained within the master cartons of shrimp it sold to Defendants when Defendants subsequently resold the shrimp without opening the master cartons. Furthermore, Lockpur only used the Image on some of its inner packaging. Therefore, even if some employees of Defendants did occasionally break open the master shipping cartons for sampling, quality control or partial sales, Contessa can only speculate that these employees saw the infringing packaging.

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[2] Alternatively, Contessa could have pursued its claims on the basis of vicarious copyright infringement. *See Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir. 2004). However, Contessa would not have fared any better under this theory. In addition to proving direct infringement by Lockpur, Contessa would also have to establish that Defendants received a direct financial benefit from the infringement and that Defendants had the right and ability to supervise Lockpur. *See MGM Studios v. Grokster Ltd.*, 380 F.3d at 1164. Not only did Defendants not have the requisite control over Lockpur, there is no evidence in the record that Defendants received any benefits whatsoever from Lockpur's sporadic use of the Image on its inner packaging.

Mere speculation is not sufficient to create a genuine issue of material fact sufficient to defeat summary judgment. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-587 (1986). Therefore, the district court did not err in dismissing Contessa's copyright claims against all Defendants.

In addition, we reverse the district court's decision denying Mazzetta, Slade Gorton, and Hanwa America attorneys' fees under the Copyright Act. 17 U.S.C. § 505. It does not further the aims of the Copyright Act to force a party to defend itself against a charge of copyright infringement when the proponent of the copyright can produce no evidence from which a reasonable inference can be drawn that the party engaged in any infringing activity. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526-27, 534 n.19 (1994). Because there is no admissible evidence in the record that Slade Gorton, Hanwa America or Mazzetta ever possessed, let alone distributed, the allegedly infringing packaging, the district court abused its discretion in denying their request for attorneys' fees. Accordingly, we remand to the district court for an individualized determination of the total amount of reasonable attorney's fees each incurred in defending against Contessa's copyright claims.

Furthermore, without reaching the issue of whether Contessa has a valid trademark in the Image, we conclude that the district court did not err in dismissing Contessa's trademark claims against Defendants. As an initial matter, Contessa has not introduced any evidence supporting a reasonable inference that five of the eight Defendants ever used the Image in commerce. 15 U.S.C. § 1125. Therefore, as a matter of law, defendants Mazzetta, Slade Gorton, Hanwa America, Sea Port Products, and Admiralty Island

Fisheries cannot be held liable for trademark infringement, and thus as to these defendants Contessa is not entitled to any remedy under the Lanham Act.[3]

Although Contessa has introduced evidence supporting a reasonable inference that defendants Fishery Products, Berdex and Coast to Coast did distribute product in packaging containing the Image, we deny Contessa's request for disgorgement of profits because of an absence of any evidence supporting a reasonable inference that any of the Defendants willfully infringed its alleged trademark. *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993). Likewise, we deny Contessa's request for injunctive relief because the district court did not abuse its discretion in concluding, *inter ailia*, that where Defendants had permanently terminated business relations with Lockpur and had neither commercial interest nor motivation to use the allegedly infringing Image, there was not a reasonable likelihood that any allegedly infringing behavior would recur. *Friends of the Earth, Inc. v. Laidlaw Envtl. Servs., Inc.*, 528 U.S. 167, 189 (2000); *Cummings v. Connell*, 316 F.3d 886, 897 (9th Cir. 2003) (noting that the party moving for a permanent injunction must demonstrate that

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[3] Contessa did not allege any theory of third party liability, nor would any of the Defendants be liable in trademark under any such theory. Third party trademark liability is even more narrowly circumscribed than third party copyright liability. *Sony Corp. of America v. Universal City Studios. Inc.*, 464 U.S. at 439. Because there is no evidence that any of the Defendants were engaged in an apparent or actual partnership with Lockpur or induced Lockpur to infringe Contessa's mark, none of the Defendants could be found liable for either vicarious or contributory trademark infringement. *See Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 854 (1982); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d at 265; *Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 1150 (7th Cir. 1992).

there is "some cognizable danger of recurrent violation" that is more than a "mere possibility") (internal citations omitted).

Therefore, as to all Defendants, we affirm the district court's dismissal of Contessa's request for disgorgement of profits under the Lanham Act, as well the district court's decision denying Contessa injunctive relief.

Costs are taxed against appellant Contessa.

AFFIRMED IN PART, REVERSED IN PART, AND REMANDED.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ZB INDUSTRIES, INC., a California corporation, Plaintiff, v. LOCKPUR FISH PROCESSING CO., LTD.; et al. Defendants.	CASE NO. CV 98-8218 NM (SHx) ORDER GRANTING DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT OF PLAINTIFF'S COPYRIGHT CLAIM
AND RELATED CROSS-ACTIONS	
ZB INDUSTRIES, INC., a California corporation, Plaintiff, v. COAST TO COAST SEAFOOD, INC., Defendant.	Consolidated with Case No. CV ~~99-4783~~ NM (SHx) 99-4738 (Filed Aug. 29, 2000)

I. INTRODUCTION

On October 8, 1998, ZB Industries, Inc. ("ZBI") initiated this action by filing a complaint asserting the following claims: 1) federal copyright infringement, 2) false designation of origin and unfair competition in violation of Lanham Act Section 43(a), 3) trade dress infringement in violation of Lanham Act Section 43(a), 4) common law trade dress infringement, 5) common law unfair competition and palming off, 6) violation of Cal. Bus & Prof. Code

§ 17200 (unfair competition), and 7) violation of Cal. Bus & Prof. Code § 17500 (false advertising).[1] Initially, ZBI named only two defendants – Lockpur Fish Processing Co. ("Lockpur") and Berdex Seafood, Inc. ("Berdex"). ZBI added eleven other defendants when it filed its first amended complaint. Now pending before the court is Defendants' motion for summary judgment of ZBI's copyright claim.[2]

II. RELEVANT FACTUAL BACKGROUNDS[3]

ZBI packages and distributes seafood products, including frozen shrimp. Some of ZBI's product packages feature the photograph of a black tiger shrimp half submerged in boiling water ("Boiling Shrimp"). The Boiling Shrimp image was created during a photography session that took place December 2-3, 1986.

The image was first published in 1987 at a seafood trade show in Long Beach.[4] During this period, ZBI retained BowenPlus, an advertising agency, to place advertisements for ZBI's products in the industry trade magazines *Seafood Leader* and *Seafood Business*. The Boiling Shrimp photograph appeared without the required

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[1] On October 2, 1998, ZBI filed a complaint against defendant Coast to Coast Seafood, Inc. ("Coast to Coast") in the Western District of Washington. That case was transferred to this court March 29, 1999 and subsequently consolidated with the instant action.

[2] This motion was jointly submitted by Berdex, Coast to Coast Seafood, Inc., and The I.C.E. Company.

[3] Unless otherwise noted, the following facts are undisputed.

[4] ZBI has since attended industry trade shows in Boston, San Francisco, and Paris. ZBI's trade show booths have always featured an enlargement of the Boiling Shrimp image.

notice of copyright in advertisements published in at least eight separate issues of those seafood magazines published between February 1987 and March 1989[5] The Boiling Shrimp image has been featured on poly bags sold to retail customers continuously since 1988. ZBI changed advertising firms in 1990. In 1991, ZBI introduced the image on box packages marketed to the food service industry. ZBI did not register its copyright until 1994.

From 1997 to 1998, defendant Lockpur Fish Processing Co. ("Lockpur") shipped frozen shrimp in SEA STAR brand packaging bearing ZBI's copyrighted Boiling Shrimp photograph. Plaintiff alleges that Defendants sold and distributed packages of Lockpur frozen shrimp bearing the Boiling Shrimp photograph to their customers. Defendants did not participate in the packing process and claim they had no knowledge of Lockpur's choice of packaging.

III. DISCUSSION

A. Summary Judgment Standard

Defendants argue that they are entitled to summary judgment on the issue of copyright infringement, because ZBI forfeited its copyright in the Boiling Shrimp when it published advertisements featuring the image without the required notice of copyright. Summary judgment is "properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed 'to secure the just, speedy and inexpensive determination of every action.'" *Celotex Corporation v.*

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[5] The Boiling Shrimp photograph also appeared on customer sales support sheets and on display booths at industry trade shows, presumably without notice. *See* Reply, at 11.

Catrett, 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 1). Summary judgment is appropriate when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c).

In a trilogy of 1986 cases, the Supreme Court clarified the applicable standards for summary judgment. *See Celotex*, 477 U.S. 317; *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986); *Matsushita Electrical Industry Co. v. Zenith Radio Corp.*, 475 U.S. 574 (1986). The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *See Anderson*, 477 U.S. at 256. The governing substantive law dictates whether a fact is material; if the fact may affect the outcome, it is material. *See id.* at 248. If the moving party seeks summary adjudication with respect to a claim or defense upon which it bears the burden of proof at trial, it must satisfy its burden with affirmative, admissible evidence. By contrast, when the non-moving party bears the burden of proving the claim or defense, the moving party can meet its burden by pointing out the absence of evidence submitted by the non-moving party. The moving party need not disprove the other party's case. *See Celotex*, 477 U.S. at 325.

If the moving party meets its initial burden, the "adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e).

When assessing whether the non-moving party has raised a genuine issue, the court must view the evidence in the light most favorable to the non-movant. *See Anderson*, 477 U.S. at 255 (citing *Adickes v. S.H. Kress and Company*, 398 U.S. 144, 158-59 (1970)). Nonetheless, "the mere existence of a scintilla of evidence" is insufficient to create a genuine issue of material fact. *Id.* at 252. As the Supreme Court explained in *Matsushita*,

> [w]hen the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts. . . . Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no "genuine issue for trial."

475 U.S. at 586-87 (citations omitted).

To be admissible for purposes of summary judgment, declarations or affidavits must be based on personal knowledge, set forth "such facts as would be admissible in evidence," and show that the declarant or affiant is competent to testify concerning the facts at issue. Fed. R. Civ. P. 56(e). Declarations on information and belief are insufficient to establish a factual dispute for purposes of summary judgment. *See Taylor v. List*, 880 F.2d 1040, 1045 (9th Cir. 1989).

B. Copyright Act

Copyright protection attaches upon creation of "an original work of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102(a). To prevail on a claim of

copyright infringement, plaintiff must prove "(1) that it owns a valid copyright in the work allegedly infringed,[6] and (2) that the defendant copied that work." *Donald Frederick Evans Assoc. Inc., v. Continental Homes, Inc.*, 785 F.2d 897, 903 (11th Cir. 1986). Compliance with the statutory formalities is required for enforcement of copyright. *See Norma Ribbon & Trimming, Inc. v. Little*, 51 F.3d 45, 48 (5th Cir. 1995) (Failure to adhere to statutory formalities resulted in forfeiture of copyright.); *Donald Frederick Evans*, 785 F.2d at 903 (citing 17 U.S.C. § 411).

The Boiling Shrimp image was first published in 1987. Thus, it is governed by the Copyright Act of 1976 ("1976 Act"). *See* Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* §§ 7.02[C][2], 7.04 [hereinafter Nimmer]. The 1976 Act required the copyright owner to affix a notice of copyright containing 1) the symbol ©, the word "Copyright," or the abbreviation "Copr."; 2) the year of the work's first publication;[7] and 3) the name of the copyright owner. 17 U.S.C. § 401(b). However, the 1976 Act included a saving clause to prevent forfeiture of copyright "in cases where the omission of notice was unintentional or the

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[6] Where plaintiff has registered his copyright within five years of the work's first publication, the certificate of registration "constitute[s] prima facie evidence of the validity of the copyright and of the facts stated in the certificate." 17 U.S.C. § 410(c). ZBI admits that it is not entitled to the statutory presumption of validity, because it failed to register its copyright within five years of the date of first publication. Opp., at 4.

[7] The date that appears on the copyright notice must correspond to the date of first publication. 17 U.S.C. § 401(b)(2); *Lifshitz v. Walter Drake & Sons, Inc.*, 806 F.2d 1426, 1432 (9th Cir. 1986). If the copyright notice bears the wrong date, and that date is more than one year after the date of first publication, "the work is considered to have been published without any notice." 17 U.S.C. § 406(b).

error in the form of notice was minor." *Donald Frederick Evans*, 785 F.2d at 905. Under the 1976 Act, omission of copyright notice will not invalidate the copyright if:

> (1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or
>
> (2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or
>
> (3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

17 U.S.C. § 405(a).

The Berne Convention Implementation Act of 1988 ("BCIA"), Pub. L. No. 100-568, 102 Stat. 2853 (1988), dispensed with the notice requirement. *See* Nimmer § 7.02[B]. Accordingly, works published after March 1, 1989 need not bear notice of copyright. *See* Nimmer § 7.02[C][3]; *Innovative Networks, Inc. v. Satellite Airlines Ticketing Centers, Inc.*, 871 F. Supp. 709 (S.D.N.Y. 1995). However, "the notice requirement remains in effect for works that predated [the BCIA]." *Norma Ribbon*, 51 F.3d at 48, *citing* 17 U.S.C. § 405(a) (copyrighted works distributed publicly before the effective date of the BCIA are subject to the notice requirement.); *see also* Nimmer § 7.02[C][3] ("[W]ith respect to any work published before March 1, 1989, the BCIA leaves prior standards intact. . . . ").

In other words, works published before March 1, 1989 must bear notice of copyright.

Unexcused omission of notice invalidates the copyright and injects the work into the public domain. *See* Nimmer § 7.14[A][1]; *Kakizaki v Riedel,* 811 F. Supp. 129 (S.D.N.Y. 1992) (granting summary judgment on plaintiff's claim for copyright infringement because distribution of photograph without notice placed work in public domain). Once the work has fallen into the public domain, even those who have not been misled by the omission of notice may copy the work.[8] *See* Nimmer § 7.14[A][2]; *Norma Ribbon,* 51 F.3d at 48 ("[I]nnocence vel non is not a crucial issue when a copyright has become invalid because of inadequate notice.").

C. Application

1. Relatively Small Number of Copies

Section 405(a)(1) forgives omission of notice on "a relatively small number of copies or phonorecords distributed to the public." Plaintiff bears the burden of proving that relatively few copies were published without notice. *See Lloyd v. Schlag,* 884 F.2d 409, 415 (9th Cir. 1989) (copyright holder must prove by a preponderance of the evidence that he qualified for the statutory exception to the notice requirement); *Kakizaki,* 811 F. Supp. at 132.

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[8] Congress enacted Section 405 "to encourage the use of copyright notice." *Lifshitz v. Walter Drake & Sons, Inc.*, 806 F.2d 1426, 1434 (9th Cir. 1986). Therefore, allowing "a copyright holder who has failed to cure his omitted or defective notice under section 405 to recover from a willful infringer ... would contravene this congressional intent by reducing the incentive to cure an omitted notice and virtually eliminating any incentive to cure a defective one." *Id.*

In *Original Appalachian Artworks, Inc. v. Toy Loft*, 684 F.2d 821 (1982), the Eleventh Circuit held that a doll-maker's omission of copyright notice from approximately 1% of dolls sold up to the time of trial (400 of 40,000 dolls lacked the requisite notice) was "relatively small." *Id.*, at 827. Similarly, in *E. Mishan & Sons, Inc. v. Marycana, Inc.*, 662 F. Supp. 1339 (S.D.N.Y. 1987), the court held that 3,000 out of 613,000 magnets was "a relatively small number of copies." *Id.* at 1343. Clearly, where all of the publicly distributed copies of a work lack the requisite notice, the statutory exception does not apply. *See Long v. CMD Foods, Inc.*, 659 F. Supp. 166, 168 (E.D. Ark. 1987). One court has indicated that 2.91% would be an unacceptably high omission rate. *See Kakizaki*, 811 F. Supp. at 132 n.2.

It is undisputed that the Boiling Shrimp photograph appeared without notice of copyright in advertisements published in at least eight issues of the national trade magazines *Seafood Leader* and *Seafood Business* between January 1987 and March 1989.[9] In her deposition testimony, ZBI's marketing coordinator, Chandra Ronnie, identified these magazines as "the main two seafood publications for the U.S.," and estimated that the magazines had a circulation of approximately 30,000.[10] Helfing

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[9] ZBI posits that "the seafood magazines may be presumed not to have reached the public generally." Opp., at 9 n.10. However, the target audience for these magazines is the seafood industry – ZBI's customers and competitors. Thus, readers of *Seafood Leader* and *Seafood Business* are the very persons ZBI seeks to hold liable in this action.

[10] Although Ms. Ronnie has since disclaimed personal knowledge of the circulation figures of the magazines, *see* Ronnie Decl. ¶16, in her deposition, she acknowledged taking into account the magazines' circulation as a factor in her decision to advertise in them, Helfing Decl., Exit. H, at 50.

Decl., Exit. H, at 49-50. *Seafood Leader* reported a circulation of 18,000 during the relevant period.[11] Using the lower figure, the court concludes that ZBI published 144,000 copies of the Boiling Shrimp advertisement without copyright notice.[12]

ZBI submits the Declarations of Chandra Ronnie and Angela Li to establish. the total number of copies of the Boiling Shrimp photograph published by ZBI. The Li declaration is irrelevant, because it refers to the total pounds of shrimp sold by ZBI, rather than the number of packages bearing the Boiling Shrimp photograph. Li Decl. ¶3. Ms. Ronnie states that approximately 37 million packages bearing the Boiling Shrimp image with copyright notice were sold between 1988 and 1999.[13] Attached to her

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[11] ZBI first contends that the magazine's self-reported circulation figures are inadmissible hearsay. Opp., at 2. ZBI further argues that the self-reported circulation figures are suspect because magazines "typically exaggerate their own publication numbers for the purpose of attracting and charging advertisers higher rates." Ronnie Decl. ¶¶17-18. However, the court need not resolve these issues, as it relies on Ms. Ronnie's estimated circulation figures for the two magazines, rather than *Seafood Leader's* self-reported circulation numbers.

[12] The Boiling Shrimp image also was featured in sales support sheets and trade show exhibit booths during this period. It is likely that those copies did not include proper notice of copyright. *See* Reply, at 11.

[13] ZBI urges the court to consider post-Berne publications of the copyrighted work. Opp., at 7. The court declines to do so. First, as ZBI noted in its Opposition to Defendant's summary judgment motion in the Seattle action, the BCIA amendments prospectively eliminate the notice requirement. *See* Helfing Decl., Exh. M, at 9. Second, were the court to adopt ZBI's position, a plaintiff could retrieve from the public domain an image published without proper notice simply by waiting to sue until he had flooded the market with a sufficient number of properly noticed copies to render the prior omissions "relatively small."

ZBI contends that it would suffer substantial prejudice if its post-Berne publications of the Boiling Shrimp photograph are not considered

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Declaration is a "recent ZBI box package bearing the Boiling Shrimp image." Ronnie Decl. ¶ 12. Although that package bears the proper copyright notice, a "recent" package is not probative of whether ZBI published copies with proper notice prior to March 1, 1989, and if so, how many.[14] Ronnie Decl., Exh. A.

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by the court. Opp., at 7. However, it acknowledges that a copyright owner who fails to qualify for Section 405(a)(1) has other avenues of relief. Opp., at 8. Pursuant to 17 U.S.C. § 405(a)(2), ZBI could have attempted to cure its omission of copyright notice by registering the photograph within five years of publication without notice and by making a reasonable effort to add notice to all copies distributed after discovery of the omission. ZBI first published the Boiling Shrimp image without notice in February 1987. Accordingly, it could have cured its omission of notice by registering its copyright before February 1992 and making a reasonable attempt to add notice to later-disseminated copies. ZBI made no such efforts. In fact, ZBI did not apply for copyright registration until March 1994. Helfing Decl., Exh. C.

ZBI argues that if post-Berne activity is relevant to application of Section 405(a)(2), it should also be considered for purposes of Section 405(a)(1). Opp., at 8. However, ZBI overlooks an important distinction between the two provisions. While the former specifically commands the court to consider whether "registration for the work has been made before or is made within five years after the publication without notice," the latter contains no such directive. *Compare* 17 U.S.C. § 405(a)(2) *with* 17 U.S.C. § 405(a)(2) [sic]. As noted *supra*, the BCIA dispensed with the notice requirement of the 1976 Act. Thus, absent explicit instructions to the contrary, consideration of copies published with notice after the effective date of the BCIA would violate both the letter and spirit of the amendments. As a result, the court does not consider copies of the Boiling Shrimp image published after the effective date of the BCIA.

[14] According to Plaintiff, the Boiling Shrimp image began to appear on poly bags of ZBI frozen shrimp sold to retail customers in 1988. However, the evidence suggests that the copyright notice on those bags had a first publication date of 1989. Mot., at 10-11. Thus, the court must treat those copies as if they had been published without notice. *See Lifshitz*, 806 F.2d at 1432-33. In *Lifshitz*, the plaintiff omitted notice from 6,000 copies of his product between 1979 and 1981. 806 F.2d at 432. Those copies represented some 40% of his sales during that

(Continued on following page)

According to ZBI's in-house counsel, Gregory J. Morrow, ZBI sold between 365,482 and 913,757 packages bearing the Boiling Shrimp image during the relevant period (1987-89), with the actual number probably falling "somewhere in between." Morrow Decl. ¶12-16 (Helfing Decl., Exh. M). Calculations based on even the highest figure in this range would result in an unacceptably high rate of omission (14%) under any of the cases cited.

ZBI attempts to analogize the instant facts to those of *Ford Motor Co. v. Summit Motor Products, Inc.*, 930 F.2d 277 (3d Cir. 1991). Opp., at 8-9. However, *Ford* is inapposite. In *Ford,* "[t]he omission occurred in catalogs sent only to Ford dealerships or within the Ford parts distribution network. Such a limited pattern of distribution minimizes the dimensions of Ford's failure to comply with copyright requirements." *Id.* at 296. Here, ZBI placed advertisements in national magazines that circulate to individuals outside the ZBI "distribution network." Furthermore, in *Ford*, the maximum omission rate was 4%. *Id.* Here, it is at least 14%.

2. Registration Within Five Years and Reasonable Effort to Cure Ommission

This exception is not at issue here. Even if it were, the exception would not apply because 1) it is undisputed that ZBI made no attempt to add copyright notice to copies of its advertisement circulating without notice, and 2) ZBI

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period. After 1981, he affixed a copyright notice bearing the date 1981. *Id.* The actual year of first publication was 1979. *Id.* The court treated the copies published with defective notice as if they had been published without any notice at all. *Id.* at 1433 (citing 17 U.S.C. § 406(b)).

did not register its copyright until 1994, *i.e.*, more than five years after the date of first publication. *See Lifshitz*, 806 F.2d at 1433-34.

3. Unauthorized Publication in Violation of Express Written Requirement

Section 405(a)(3) forgives omissions caused by publication in violation of an express written requirement that the prescribed notice will be affixed to all publicly distributed copies. ZBI argues that this provision applies here because in omitting proper notice from the trade magazine advertisements, ZBI's former marketing firm, BowenPlus, violated a provision of its contract with ZBI. In support of its position, ZBI submits the declaration of its President, John Blazevich. Opp., at 16.

Blazevich states that in 1985, he reprimanded BowenPlus for including incorrect information on the copyright notice attached to a Comparison Price Chart, and that Bowen Plus [sic] responded by removing notice of copyright altogether from ZBI's marketing and promotional materials. Blazevich Decl. ¶¶ 2-6. This statement does nothing to qualify ZBI for the safe harbor of Section 405(a)(3). First, Blazevich's instructions related to a Price Comparison Chart, not the magazine advertisements at issue here. Moreover, failure to follow instructions is not the legal equivalent of violating an express written agreement.

ZBI asserts that its contract with BowenPlus demanded that "'all advertising placed by' the agency was 'properly executed and maintained.'" Opp., at 18. This does not constitute an express written requirement of proper copyright notice as a condition of the copyright

owner's authorization. Therefore, ZBI does not fall under the exception embodied in Section 405(a)(3).

IV. CONCLUSION

For the reasons set forth above, the court hereby *grants* Defendants' motion for partial summary judgment of Plaintiff's copyright claim.

IT IS SO ORDERED.

DATED: August 28, 2000

/s/ Nora M. Manella
Nora M. Manella
United States District Judge

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ZB INDUSTRIES, INC., a California corporation

Plaintiff,

v.

LOCKPUR FISH PROCESSING CO., LTD.; et al.

Defendants.

AND RELATED CROSS-ACTIONS

ZB INDUSTRIES, INC., a California corporation,

Plaintiff,

v.

COAST TO COAST SEAFOOD, INC.,

Defendant.

CASE NO.
CV 98-8218 NM (SHx)

ORDER GRANTING DEFENDANTS BERDEX, COAST TO COAST, AND THE I.C.E. COMPANY'S MOTION FOR SUMMARY ADJUDICATION OF PLAINTIFF'S ENTITLEMENT TO PROFITS AND ATTORNEYS' FEES; ORDER GRANTING SUMMARY JUDGMENT IN FAVOR OF DEFENDANT THE I.C.E. COMPANY

Consolidated with Case No. ~~CV 99-4738 NM (SHx)~~
99-4783-NM (SHx)

(Filed Mar. 12, 2001)

I. INTRODUCTION

On October 8, 1998, ZB Industries, Inc. ("ZBI" or "Plaintiff") initiated this action by filing a complaint that asserted the following claims: 1) federal copyright infringement, 2) false designation of origin and unfair competition in violation of Lanham Act § 43(a), 3) trade dress infringement in violation of Lanham Act § 43(a), 4) common law trade dress infringement, 5) common law

unfair competition and palming off, 6) violation of Cal. Bus. & Prof. Code § 17200, and 7) violation of Cal. Bus. & Prof. Code § 17500.[1]

ZBI and defendant Fishery Products International ("FPI") filed cross motions for summary adjudication of the trademark claim, which the court denied in an order dated August 8, 2000.[2] After disposing of the parties' partial summary judgment motions, the court ordered additional briefing on the issue of damages, raised in FPI's moving brief. *See* August 8, 2000 Order Denying Cross Motions for Partial Summary Judgment and Requesting Additional Briefing, at 20 [hereinafter August 8, 2000 Order]. The court subsequently granted FPI's motion for summary adjudication of ZBI's entitlement to damages.[3] Now pending before the court are 1) a motion for summary adjudication of Plaintiff's nonentitlement to profits and attorneys' fees filed jointly by defendants Berdex, Coast to Coast, and The I.C.E. Company (collectively, "Defendants"), and 2) a

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[1] Initially, ZBI named only two defendants – Lockpur Fish Processing Co. ("Lockpur") and Berdex Seafood, Inc. ("Berdex"). ZBI added eleven other defendants when it filed its first amended complaint. On October 2, 1998, ZBI filed a complaint against defendant Coast to Coast Seafood, Inc. ("Coast to Coast") in the Western District of Washington. That case was transferred to this court March 29, 1999 and subsequently consolidated with the instant action.

[2] ZBI insisted that its "Boiling Shrimp" mark was inherently distinctive. FPI maintained that Plaintiff's mark was generic. The court concluded that the mark was descriptive and denied both motions. *See* August 8, 2000 Order.

[3] Additionally, Berdex, Coast to Coast Seafood, Inc., and The I.C.E. Company ("Defendants") jointly moved for summary adjudication of the copyright claim on the ground that ZBI had failed to affix notice of copyright on more than a "relatively small number of copies ... distributed to the public." 17 U.S.C. § 405(a)(1). The court agreed and granted Defendants' motion in an order dated August 28, 2000.

motion for summary judgment as to defendant The I.C.E. Company ("I.C.E.").

II. RELEVANT FACTUAL BACKGROUND[4]

Plaintiff is an importer and distributor of seafood, including shrimp. Defendants Berdex and Coast to Coast also import and distribute frozen shrimps.[5] I.C.E. served as the customs agent for Berdex. In that capacity, it processed customs documents in connection with Lockpur's shrimp shipments to Berdex customers in 1998. Vincent Decl. ¶ 2. According to Rebecca Vincent, the I.C.E. representative responsible for the Berdex account, I.C.E. "did not take possession of the [Lockpur shrimp] or handle [them] or even view them. Further, [I.C.E.] did not acquire title to the goods, or participate in the purchase or sale of those goods." *Id.*

The Boiling Shrimp image is a photograph created in December 1986 of an actual black tiger shrimp half submerged in boiling water. The exposed portion of the shrimp is a grayish green color. The submerged portion is

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[4] Unless otherwise noted, the following facts are undisputed.

[5] According to Donelson Berger, Chief Executive Officer of Berdex, ZBI sells "IQF" shrimp, *i.e.*, shrimp that is "quick frozen in individual units, so that end-users can use only as much as they need for a given occasion," whereas the Lockpur shrimp "is frozen in solid, four-blocks [that] require[] complete thawing for use at a single time, and is inconvenient for individual consumers. We sold the Lockpur shrimp only to distributors and professional food and host industry buyers. . . ." Berger Decl. ¶¶ 8-10; *accord* B. Kozloff Decl. ¶ 2 ("This lawsuit involves two kinds of shrimp. 'Block-frozen' shrimp is sold in a single block [to restaurants, wholesalers, etc.]. 'IQF' shrimp is individually quick-frozen, meaning that each shrimp in a container is frozen separately from the others. The markets for these kinds of shrimp are completely different.").

a pink color. The shrimp, a crescent-shaped figure, appears with its tail-end up, suspended by a pair of black chopsticks.

In 1988, ZBI began selling shrimp in poly bags bearing the Boiling Shrimp image. In 1991, ZBI began using the Boiling Shrimp image on its box packages. Since 1993, ZBI has sold more than 25 million pounds of shrimp valued at $252 million in packaging bearing the Boiling Shrimp image. ZBI filed an application for trademark registration of its product packaging, but specifically excluded the photograph from its application. On August 25, 1998, the U.S. Patent and Trademark Office registered ZBI's product packaging as a trademark (Reg. No. 2,183,347).

From 1997 to 1998, defendant Lockpur Fish Processing Co. ("Lockpur") shipped frozen shrimp in SEA STAR brand packaging bearing the Boiling Shrimp photograph.[6] Packages of the Lockpur frozen shrimp product were shipped in generic cartons made of corrugated cardboard. Each carton contained six smaller four-pound packages of shrimp. Berger Decl. ¶ 4; Girton Decl. ¶ 3. The Boiling Shrimp image appeared on the inner packages, not on the outer cartons. Berger Decl. ¶ 5. Seafood distributors such as Berdex and Coast to Coast typically do not inspect the inner packages prior to distribution. Berger Decl. ¶ 14 ("Berdex sold the Lockpur shrimp while still sealed in the master cartons. For that reason, we did not see the inner four-pound packages prior to sale."); *accord* Matsumoto

[6] The Chief Executive Officer of Coast to Coast, Bennett Kozloff, noted that "[h]istorically, all of the block-frozen shrimp originating from Lockpur has been packaged in a blue and white box with no photograph." B. Kozloff Decl. ¶ 6.

Decl. ¶ 4; Girton Decl. ¶ 7. Nor do Defendants' customers view the packaging prior to purchase. Berger Decl. ¶ 13; Girton Decl. ¶¶ 4, 6; Mazzetta Decl. ¶ 5; Matsumoto Decl. ¶ 4.[7] Accordingly, package design does not affect the purchasing decisions of Defendants' customers. Matsumoto Decl. ¶ 5.[8]

Plaintiff alleges that Defendants infringed its trademark and trade dress by distributing the frozen shrimp packed by Lockpur to their customers. Defendants claim that they did not participate in the packing process and had no advance knowledge of Lockpur's choice of packaging. Berger Decl. ¶ 6 ("Berdex had nothing to do with the selection of the artwork on Lockpur's boxes."). Defendants further assert that they suspended sales of Lockpur-packed shrimp upon receiving notice of the instant litigation. Berger Decl. ¶ 7 ("As soon as Berdex was notified of ZBI's claims we immediately stopped selling any product in the boxes received from Lockpur."); Kozloff Decl. ¶ 7 ("When the complaint was served, we immediately stopped distribution and all sales on any Lockpur product in our

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[7] Plaintiff disputes "[w]hether, in every sale by Berdex and Coast to Coast, the final customer is presented with the accused packaging. . . ." Plaintiff's Statement of Genuine Issues, no. 13 [hereinafter SGI]. However, Plaintiff does not contest the fact that Defendants' customers have no opportunity to inspect the package *prior to purchase*.

[8] Kozloff explained that "[p]urchasers of block frozen shrimp are buying a commodity and focus solely on size, price and quality." B. Kozloff Decl. ¶ 3; *accord* Berger Decl. ¶ 13 ("Because the Lockpur shrimp is purchased as a commodity and is not resold in the four-pound blocks, the appearance of the packaging for those blocks is unimportant to our customers."); Girton Decl. ¶ 6 ("[W]e made our [purchasing] decisions based primarily on price and our experience of the reliability of the packer and the supplier of the shrimp. . . .").

possession until the product could be thoroughly examined.").[9]

III. DISCUSSION

A. Summary Judgment Standard

Defendants seek summary adjudication of ZBI's entitlement to (1) an accounting of Defendants' profits and (2) an award of attorneys' fees, on the ground that ZBI cannot show willful infringement. Defendants also move for summary judgment as to I.C.E.

A defendant may move for summary judgment on "all or any part [of the claims asserted against it]." Fed. R. Civ. P. 56(b); *see also* Fed. R. Civ. P. 56(c) ("A summary judgment, interlocutory in character, may be rendered on the

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[9] Plaintiff maintains that there exists a genuine issue of material fact as to whether "Berdex ceased selling the infringing packaging upon first actual notice from ZBI of its claims raised in this case." SGI, no 9. Plaintiff argues that Berdex had notice of the instant suit October 8, 1998, the date the complaint was filed, but continued selling the Lockpur shrimp until October 13, 1998, the date the court entered a temporary restraining order. Opp., at 9. Plaintiff cites to the deposition testimony of Donelson Berger:

> Q. Since your company was sued, has Berdex continued to sell any frozen shrimp products obtained from Lockpur?
>
> A. No.
>
> Q. Why not?
>
> A. TRO.

Berger depo., at 41:10-15. Plaintiff submitted its *ex parte* application for a TRO on the same day it filed the complaint in this matter. Berger's testimony does not give rise to an inference that Berdex waited five days following initiation of suit to suspend its sales of Lockpur shrimp, and his unequivocal denial is uncontroverted.

issue of liability alone although there is a genuine issue as to the amount of damages.").

Summary judgment is "properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed 'to secure the just, speedy and inexpensive determination of every action.'" *Celotex Corporation v. Catrett,* 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 1). Summary judgment is appropriate when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c).

In a trilogy of 1986 cases, the Supreme Court clarified the applicable standards for summary judgment. *See Celotex,* 477 U.S. 317; *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242 (1986); *Matsushita Electrical Industry Co. v. Zenith Radio Corp.*, 475 U.S. 574 (1986). The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *See Anderson,* 477 U.S. at 256. The governing substantive law dictates whether a fact is material; if the fact may affect the outcome, it is material. *See id.* at 248. If the moving party seeks summary adjudication with respect to a claim or defense upon which it bears the burden of proof at trial, it must satisfy its burden with affirmative, admissible evidence. By contrast, when the non-moving party bears the burden of proving the claim or defense, the moving party can meet its burden by pointing out the absence of evidence submitted by the non-moving party. The moving party need not disprove the other party's case. *See Celotex,* 477 U.S. at 325.

If the moving party meets its initial burden, the "adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e).

When assessing whether the non-moving party has raised a genuine issue, the court must view the evidence in the light most favorable to the non-movant. *See Anderson,* 477 U.S. at 255 (citing *Adickes v. S.H. Kress and Company*, 398 U.S. 144, 158-59 (1970)). Nonetheless, "the mere existence of a scintilla of evidence" is insufficient to create a genuine issue of material fact. *Id.* at 252. As the Supreme Court explained in *Matsushita*,

> [w]hen the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts. . . . Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no "genuine issue for trial."

475 U.S. at 586-87 (citations omitted).

To be admissible for purposes of summary judgment, declarations or affidavits must be based on personal knowledge, set forth "such facts as would be admissible in evidence," and show that the declarant or affiant is competent to testify concerning the facts at issue. Fed. R. Civ. P. 56(e). Declarations on information and belief are insufficient to establish a factual dispute for purposes of summary judgment. *See Taylor v. List,* 880 F.2d 1040, 1045 (9th Cir. 1989).

III. DISCUSSION

A. Accounting of Profits

Section 35(a) of the Lanham Act authorizes a plaintiff, "subject to principles of equity, to recover (1) defendant's profits, (2) any damages sustained by plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a). Regardless of whether the court uses plaintiffs damages or defendant's profits as a measure of recovery, the total amount awarded "shall constitute compensation and not a penalty." *Id.*; *see also Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1158 (7th Cir. 1994) (award premised on defendant's unjust enrichment would constitute an impermissible penalty); *Lindy Pen Co, Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir. 1993) (to award profits where defendant's infringement was unintentional would constitute an impermissible penalty).

A Lanham Act plaintiff must present proof of wrongful intent to recover an accounting of the defendant's profits. *See* 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:61 (4th ed. 200[sic]) [hereinafter McCarthy] (Courts "have almost unanimously required some showing of egregious conduct or intent by the infringer before an accounting of profits will be granted."); *Lindy Pen*, 982 F.2d at 1405 ("Where trademark infringement is deliberate and willful . . . a remedy no greater than an injunction 'slights' the public."); *Sand, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 963 (7th Cir. 1992) (reversing award of profits because evidence of defendant's bad faith was "marginal at best"); *W.E. Bassett Co. v. Revlon,* 435 F.2d 656, 663 (2d Cir. 1970) (plaintiff was entitled to an accounting of defendant's profits based on finding that defendant willfully and fraudulently infringed). The Ninth Circuit has stated that a plaintiff is

entitled to an accounting of profits in "those cases where the infringement is willfully calculated to exploit the advantage of an established mark." *Lindy Pen,* 982 F.2d at 1405 (internal quotations omitted); *see also id.* at 1406 ("an accounting is proper only where the defendant is 'attempting to gain the value of an established name of another'" (quoting *Maier Brewing Co. v. Fleischmann Distilling Corp.,* 390 F.2d 117, 123 (9th Cir. 1968)).[10]

"Willful infringement carries a connotation of deliberate intent to deceive. Courts generally apply forceful labels such as deliberate, false, misleading, or fraudulent to conduct that meets this standard." *Lindy Pen*, 982 F.2d at 1406 (internal quotations omitted). Conversely, "a knowing use in the belief that there is no confusion is not bad faith." *Id.* (citing *Nalpac, Ltd. v. Corning Glass Works*, 784 F.2d 752, 755 (6th Cir. 1986)); *but cf. Mobil Oil Corp. v.*

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[10] Defendants contend that Plaintiff cannot establish the requisite intent, because the Ninth Circuit's conception of willfulness presupposes that Plaintiff owns an "established" mark, and "the Court has found that the Boiling Shrimp photograph is merely descriptive." Mot., at 8; *cf. Sand, Taylor & Wood,* 978 F.2d at 963 ("[T]his is not a case where the senior user's trademark is so well-known that the junior user's choice of a confusingly similar mark, out of the infinite number of marks in the world, itself supports an inference that the junior user acted in bad faith."). While conceding that the court has determined that the Boiling Shrimp image was not inherently distinctive, Plaintiff insists that because the photograph features "elements not ordinarily associated with shrimp," it is not "merely descriptive" but "descriptive." Opp., at 3; *cf.* 2 McCarthy § 11:51 ("[I]f a composite mark is not totally descriptive in all its parts, then the mark as a whole is not 'merely descriptive.'"). This is a distinction without a difference, as both types of descriptive marks qualify for Lanham Act protection upon proof of secondary meaning. 15 U.S.C. § 1052; 2 McCarthy § 11:53. Nothing in any of this court's prior orders precludes ZBI from demonstrating that the Boiling Shrimp image has acquired sufficient secondary meaning through use in the marketplace to become an "established" mark.

Pegasus Petroleum Corp., 818 F.2d 254, 259 (2d Cir. 1987) ("actual or constructive knowledge *may* signal bad faith").

Plaintiff argues that "the requisite intent is found in [Defendants'] willful blindness." Opp., at 11. Plaintiff relies on several out-of-circuit cases holding that willful blindness supports a finding of knowing infringement for purposes of Lanham Act Section 35(b). Section 35(b) mandates an award of treble damages and attorneys' fees where the defendant "intentionally us[ed] a mark or designation, knowing such mark or designation is a counterfeit mark." 15 U.S.C. § 1117(b); Opp., at 14-17 (citing *Louis Vuitton S.A. v. Lee,* 875 F.2d 584 (7th Cir. 1989) and its progeny). The statutory definition of a "counterfeit mark" is

> a [copy] of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods and services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered.

15 U.S.C. § 1115(d)(1)(B). However, it is beyond dispute that the Boiling Shrimp image is not a registered trademark, as ZBI specifically excluded the image from its application for trademark registration. Therefore, Plaintiff cannot recover any of the remedies afforded by Section 35(b), which are available only where the defendant has copied a registered mark. Because the instant case does not implicate Lanham Act Section 35(b), Plaintiffs authorities are inapposite.[11]

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[11] Plaintiff concedes that most of the cases it cites involve counterfeit marks, but argues that it would be "anomalous" for the court to

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Plaintiff contends that defendants Berdex and Coast to Coast were aware of ZBI's trademark rights in the Boiling Shrimp image when they ordered shrimp from Lockpur, and that such knowledge supports a finding of willful infringement. Opp., at 11. Plaintiff presents the following evidence that Berdex and Coast to Coast knew that the Boiling Shrimp photograph was a symbol of ZBI's Contessa brand:

- Berdex and Coast to Coast are sophisticated entities that maintain their own proprietary packaging designs. SGI, no. 10.[12]
- Coast to Coast executive Stuart Kozloff admits that he "probably" saw the Boiling Shrimp image in a trade magazine prior to the instant lawsuit. S. Kozloff depo., at 79:5-11.[13]

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require a greater showing for recovery of defendant's profits under Section 35(a) than for recovery of enhanced damages under Section 35(b), because the intent element of the former is judicially imposed while the intent element of the latter is set forth in the text of the statute. Opp., at 12, 17. However, there is a reasoned basis for the asymmetrical approach toward counterfeit designations, as opposed to marks that merely cause confusion. The law may demand greater proof of culpability where the defendant has used an unregistered mark than where the defendant has infringed a registered mark.

[12] While Plaintiff has offered admissible evidence that Coast to Coast owns trademark registrations and has been involved in at least two trademark disputes, the record before the court contains no similar evidence with respect to Berdex. B. Kozloff depo., at 35:15-17, 36:7-20.

[13] Plaintiff also submits inadmissible hearsay to support its assertion that Coast to Coast had knowledge that Lockpur's packaging bore potentially infringing imagery. On September 25, 1998, Thomas Mazzetta, a rival shrimp importer, allegedly told Gregory Morrow, Secretary and General Counsel of ZBI, that Mazzetta had obtained a sample of the allegedly infringing Lockpur packaging from Coast to Coast. Morrow Decl. ¶ 12. Because Mazzetta's statement is hearsay, the court may not consider it in determining whether Plaintiff has raised a

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- ZBI's trade show booths featured the Boiling Shrimp photograph, and Berdex and Coast to Coast representatives attended trade shows where ZBI was a major exhibitor. Ronnie Decl. ¶¶ 20-22; Def.'s Ex. C; Berger Depo., at 11:12-19; S. Kozloff depo., at 77:1-6.[14]

- A Berdex newsletter dated June 1996 implied that "ZBI's public statements concerning then-upcoming shrimp supplies from Thailand were untrue [and] self-serving." Morrow Decl. ¶ 5; Def.'s Ex. Q. The Berdex report further stated that "[t]he more you spend on shrimp packaging and sexy marketing, the less quality you can put in the bag and stay competitive." Def.'s Ex. Q.

- In March 1997, a Lockpur representative provided Berdex executive Donelson Berger with samples of Lockpur's packaging. Berger depo., at 25:15-30:24.[15]

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genuine issue of material fact. *See United States v. Chapman,* 146 F.3d 1166, 1170 (9th Cir. 1998).

[14] Berdex and Coast to Coast representatives who attended such trade shows do not recall whether they saw the Boiling Shrimp image on ZBI's booth. Berger depo. at 11:15-19; S. Kozloff depo., at 78:2-6, 78:14-18. According to Stuart Kozloff, "Nobody looked at the booth. Everybody looked at the girls. That's what people went by the booth for in the '90s. They were the only booth there with scantily clad ladies and free food." S. Kozloff depo., at 77:11-14; *id.* at 78:24-79:4 ("As a competitor, I had no interest in looking at their booth, and they had no interest in me being at their booth, and the girls were positioned on the perimeter of the booth.").

[15] According to Berger, Lockpur had switched from waxboard to double laminated packing materials in response [sic] complaints from Berdex customers concerning packages that had been damaged in transit. Berger depo., at 31:12-32:5. Berger testified that when he inspected the new packaging, he was more interested in its material, *i.e.*, "that the boxes were laminated versus waxed," than its design. *id.* at 32:5-7; *see also id.* at 30:13-20.

- Even after receiving notice of suit, Berdex did not inspect the Lockpur shrimp in its warehouse to determine whether they were packed in the allegedly infringing packages. Berger depo., at 38:15-22.

While the foregoing "facts" may permit an inference that Berdex and Coast to Coast had actual or constructive knowledge that Plaintiff used the Boiling Shrimp as a trademark, they fall short of permitting an inference of willful infringement, which requires a "deliberate intent to deceive." *Lindy Pen*, 982 F.2d at 1406. There is nothing in the record to suggest that either Berdex or Coast to Coast intended to capitalize on any consumer goodwill associated with the Boiling Shrimp photograph. There is, however, unchallenged evidence that Lockpur's choice of packaging did not affect the purchasing decisions of Defendants' customers. Moreover, the uncontroverted evidence demonstrates that seafood distributors such as defendants Berdex and Coast to Coast do not inspect the inner packages prior to sale. In short, there is insufficient evidence, as a matter of law, to justify a finding of willful infringement.

In light of these circumstances, an award of profits would constitute an impermissible penalty. *Cf. id.* at 1407 ("To award profits in this situation would amount to a punishment in violation of the Lanham Act. . . ."). Accordingly, the court concludes that Plaintiff has adduced insufficient evidence that Defendants Berdex, Coast to Coast, or I.C.E. intentionally "exploit[ed] the advantage of an established mark" to raise a triable issue of fact as to their claim for Defendants' profits. *Id.* at 1405 (internal quotations omitted).

2. Attorneys' Fees

Section 35(a) of the Lanham Act authorizes the court to award reasonable attorney fees "in exceptional cases." 15 U.S.C. § 1117(a). "While the term 'exceptional' is not defined in the statute, generally a trademark case is exceptional for purposes of an award of attorneys' fees when the infringement is malicious, fraudulent, deliberate or willful." *Lindy Pen,* 982 F.2d at 1409. Courts have required a Lanham Act plaintiff to show "a high degree of culpability on the part of the infringer," to recover his attorneys' fees. *Texas Pig Stands, Inc. v. Hard Rock Cafe Int'l, Inc.,* 951 F.2d 684, 697 (5th Cir. 1992); *accord Martin's Herend Imports, Inc. v. Diamond & Gem Trading USA Co.,* 112 F.3d 1296, 1305 (5th Cir. 1997) ("Plaintiffs did not demonstrate the kind of highly culpable conduct meriting an award of attorney's fees.").

An award of attorneys' fees under § 1117(a) requires more than knowledge of plaintiffs mark. *See Lindy Pen,* 982 F.2d at 1409 (declining to award attorneys' fees, even though defendant admitted that it had knowledge of plaintiff's trademark rights); *Texas Pig Stands,* 951 F.2d at 698 (reversing an award of attorneys' fees, even though the district court found that "defendant sold pig sandwiches knowing of plaintiffs mark . . . in simple disregard of plaintiff's rights"). A case in point is *Chronicle Publishing Co. v. Legrand,* 24 U.S.P.Q.2d 1881 (N.D. Cal. 1992). There, the evidence established that the defendant "knew or should have known of [the plaintiff's] trademarks and the potential for confusion, and that he nevertheless went forward with his plans" *Id.* at 1889. The court nonetheless concluded that "[the defendant's] conduct, while arrogant and selfish, did not rise to the high level necessary to justify the award of attorneys' fees." *Id.* at 1888.

Here, ZBI has failed to establish "the kind of highly culpable conduct" that would merit an award of attorneys' fees. *Martin's Herend Imports,* 112 F.3d at 1305; *cf. Texas Pig Stands,* 951 F.2d at 697 ("While we do not condone [defendant's] infringement, its actions do not approach 'deliberate pirating' or 'egregious conduct.'"). At most, ZBI has presented evidence from which a reasonable factfinder could infer that Defendants had "reason to know" of Plaintiff's interest in the Boiling Shrimp image,[16] and shipped packages of shrimp bearing plaintiff's mark in "simple disregard of plaintiff's rights." *Texas Pig Stands,* 951 F.2d at 696, 698. Such evidence is not sufficient to defeat Defendants' motion for summary adjudication of the attorneys' fee issue. Because this case is not "exceptional" for purposes of the attorneys' fee provision of Section 35(a), Defendant's motion for summary adjudication of Plaintiff's nonentitlement to attorneys' fees is granted. *Cf. Lindy Pen,* 982 F.2d at 1410 ("Other than its longevity, there is nothing exceptional about this case.").

C. The I.C.E. Company

Defendants seek summary judgment as to defendant The I.C.E. Company, on the ground that "I.C.E. did not use the Boiling Shrimp photograph, in commerce or otherwise." Mot., at 10.[17] I.C.E.'s only connection to this case is

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[16] *See Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.,* 955 F.2d 1143, 1151 n.5 (7th Cir. 1992) ("reason to know" standard is an objective negligence standard).

[17] ZBI admits that I.C.E.'s activities on behalf of Berdex likely do not amount to actionable trademark infringement. Opp., at 23. ZBI believes that I.C.E.'s motion for summary judgment to be moot, as ZBI "has offered to dismiss the action against I.C.E. Co. without prejudice, each party to bear it own costs and fees." *Id.* However, as of the date the opposition was filed, ZBI had received no response to its settlement offer. *Id.*

through its relationship with Berdex. It is undisputed that I.C.E. merely "processed [the] paperwork necessary to clear the Lockpur shipments for defendant Berdex." *Id.* (citing Vincent Decl. ¶ 2). There is no evidence before the court to suggest that I.C.E. ever sold, purchased, delivered, inspected, or otherwise handled the Lockpur packages allegedly bearing the Boiling Shrimp image. Nor is there any evidence to contradict Ms. Vincent's statement that she was unaware of any design elements of Lockpur's packaging and of ZBI's rights with respect to the graphic components of that design. Vincent Decl. ¶ 3. As ZBI has submitted no evidence that I.C.E. participated in the alleged infringement, the court grants summary judgment in favor of I.C.E.

IV. CONCLUSION

For the reasons set forth above, the court grants Defendants' motion to preclude Plaintiff from recovering an accounting of profits and attorneys' fees. The court further grants summary judgment in favor of defendant I.C.E. Company.

IT IS SO ORDERED.

DATED: March 12, 2001

/s/ Nora M. Manella
Nora M. Manella
United States District Judge

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ZB INDUSTRIES, INC., a California corporation

Plaintiff,

v.

LOCKPUR FISH PROCESSING CO., LTD.; et al.

Defendants.

AND RELATED CROSS-ACTIONS

ZB INDUSTRIES, INC., a California corporation,

Plaintiff,

v.

FISHERY PRODUCTS INTERNATIONAL, INC., a Massachusetts corporation, SEA PORT PRODUCTS CORPORATION, a Washington corporation, AQUA STAR, INC., a corporation, and ADMIRALTY ISLAND FISHERIES, INC., d/b/a Aqua Star, a corporation,

Defendant.

CASE NO.
CV 98-8218 NM (SHx)

ORDER GRANTING DEFENDANT FISHERY PRODUCTS INTERNATIONAL'S MOTION FOR SUMMARY JUDGMENT REGARDING INTENTIONALITY AND INJUNCTIVE RELIEF AND DISMISSING PLAINTIFF'S CLAIMS AGAINST DEFENDANT FISHERY PRODUCTS INTERNATIONAL AS MOOT

Consolidated with Case No. CV 99-10913 NM (SHx)

(Filed Jul. 31, 2001)

I. INTRODUCTION

On October 8, 1998, Plaintiff Contessa Food Products, Inc. (formerly known as ZB Industries, Inc.) ("Contessa") initiated this action by filing a complaint that asserted the following claims: 1) federal copyright infringement, 2) false designation of origin and unfair competition in violation of Lanham Act § 43(a), 3) trade dress infringement in violation of Lanham Act § 43(a), 4) common law trade dress infringement, 5) common law unfair competition and palming off, 6) violation of Cal. Bus. & Prof. Code § 17200, and 7) violation of Cal. Bus. & Prof. Code § 17500.[1]

Contessa and defendant Fishery Products International ("FPI") filed cross motions for summary judgment of the trademark claim, which the court denied in an order dated August 8, 2000.[2] After disposing of the parties' partial summary judgment motions, the court ordered additional briefing on the issue of damages, raised in FPI's moving brief. *See* August 8, 2000 Order Denying Cross Motions for Partial Summary Judgment and Requesting Additional Briefing, at 20 [hereinafter August 8, 2000 Order]. The court subsequently granted FPI's motion for

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[1] Initially, Contessa named only two defendants – Lockpur Fish Processing Co. ("Lockpur") and Berdex Seafood, Inc. ("Berdex"). Contessa added eleven other defendants, including FPI, when it filed its first amended complaint on December 4, 1998. On October 2, 1998, Contessa filed a complaint against defendant Coast to Coast Seafood, Inc. ("Coast to Coast") in the Western District of Washington. That case was transferred to this court March 29, 1999 and subsequently consolidated with the instant action.

[2] Contessa insisted that its "Boiling Shrimp" mark was inherently distinctive. Contessa maintained that Plaintiff's mark was generic. The court concluded that the mark was descriptive and denied both motions. *See* August 8, 2000 Order.

summary adjudication of Contessa's entitlement to damages.[3]

On March 12, 2001, the court granted Defendants Berdex, Coast to Coast, and The I.C.E. Company's motion for summary adjudication of Plaintiff's non-entitlement to profits and attorneys' fees, and granted summary judgment in favor of Defendant The I.C.E. Company. Now pending before the court is Defendant FPI's motion for summary judgment of intentionality and injunctive relief.

II. RELEVANT FACTUAL BACKGROUND[4]

The Boiling Shrimp image is a photograph created in December 1986 of an actual black tiger shrimp half submerged in boiling water. The exposed portion of the shrimp is a grayish green color. The submerged portion is a pink color. The shrimp is crescent-shaped, with the tail-end up, suspended by a pair of black chopsticks. The shrimp appears against a black background.

Plaintiff Contessa is an importer and distributor of seafood, including shrimp. Defendant FPI also distributes seafood products.[5] In 1988, Contessa began selling shrimp

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[3] Additionally, Berdex, Coast to Coast Seafood, Inc., and The I.C.E. Company jointly moved for summary adjudication of the copyright claim on the ground that Contessa had failed to affix notice of copyright on more than a "relatively small number of copies . . . distributed to the public." 17 U.S.C. § 405(a)(1). The court agreed and granted defendants' motion in an order dated August 28, 2000.

[4] Unless otherwise noted, the following facts are undisputed.

[5] According to Peter Colbourne, General Manager and Vice President of Finance and Administration of FPI, Contessa sells individually quick frozen ("IQF") shrimp, whereas the Lockpur shrimp is frozen in four pound blocks, and is "not typically the type of product

(Continued on following page)

in poly bags bearing the Boiling Shrimp image on its box packages. Since 1993, Contessa has sold more than 25 million pounds of shrimp worth $252 million in packaging bearing the Boiling Shrimp image. Contessa filed an application for trademark registration of its product packaging, but specifically excluded the photograph from its application. On August 25, 1998, a trademark registration issued to Contessa (Reg. No. 2,183,347).

From 1997 to 1998, defendant Lockpur Fish Processing Co. ("Lockpur") shipped frozen shrimp in SEA STAR brand packaging bearing the Boiling Shrimp photograph. Packages of the Lockpur frozen shrimp product were shipped in generic cartons made of corrugated cardboard. Each carton contained six smaller four-pound packages of shrimp. The Boiling Shrimp image appeared on the inner packages, not on the outer cartons. FPI generally did not inspect the inner packages prior to distribution unless the product was being sampled, Quality Control inspected, or sold as a part case. Colbourne Decl. ¶ 14.[6]

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that would be sold to retailers for eventual sale to consumers, in its packaged form." Colbourne Decl. ¶ 9, 15. FPI sold Lockpur shrimp primarily to "institutional and food service type customers such as distributors servicing hotels, restaurants and contract feeder universities and theme parks." *Id.* ¶ 8.

[6] Plaintiff objects to Colbourne's Declaration and requests that it be stricken on the basis that it lacks foundation as to Colbourne's personal knowledge because Colbourne was not involved with shrimp procurement or sales during the relevant time. Plaintiff's Objection to and Request to Strike Declaration of Peter Colbourne ("Pl. Obj. to Decl.") at 2. The court finds the declaration admissible regarding FPI's general practices, as Colbourne stated he has worked for FPI since 1982 and asserted a comprehensive understanding of company matters. Colbourne Decl. ¶ 2.

Plaintiff alleges that Defendants infringed its trademark and trade dress by distributing the frozen shrimp packed by Lockpur to their customers. Defendants claim that they did not participate in the packing process and had no knowledge of Lockpur's choice of packaging. Defendant FPI further asserts that it did not intend to capitalize on the goodwill associated with the Boiling Shrimp photograph, and that upon notice of the claims in the instant litigation FPI ceased all business with Lockpur and resold the remaining shrimp in plain packaging. Colbourne Decl. ¶ 16 ("[T]he first notice that FPI received of the claims being made in this lawsuit was when it was advised by its parent company, Fishery Products International Limited, of the lawsuit on or about January 4, 1999"); *id.* ¶ 17 ("Upon learning of the claims, I immediately investigated the allegations . . . Our investigation revealed that there were 25 master cartons of the SEA STAR brand block frozen shrimp remaining in FPI's inventory. We broke open the master cartons and discovered inner cartons which contained the Boiling Shrimp Image. I instructed my staff to remove and discard the inner cartons and we resold the product in plain packaging."); *id.* ¶ 18 ("Subsequent to receiving the notice from our parent company, we immediately ceased all business with Lockpur and have not resumed any business relationship with Lockpur.").[7]

[7] Plaintiff argues that the portion of Colbourne's declaration stating FPI had no knowledge of the allegedly infringing mark prior to suit was recanted during Colbourne's deposition, in which he testified that FPI personnel had viewed the infringing image during the relevant period when the product was sampled. Pl. Obj. to Decl. at 5. However, Colbourne's Declaration clearly states that FPI employees would not have viewed the inner packages "unless the product was being sampled,

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III. DISCUSSION

A. Summary Judgment Standard

Defendant seeks summary adjudication that Contessa is not entitled to (1) an accounting of Defendant's profits or (2) an award of attorneys' fees, because Contessa cannot show willful infringement. Defendant also moves for summary adjudication that Contessa is not entitled to injunctive relief on the ground that the offending conduct has ceased, and there is no reasonable expectation it will resume.

A defendant may move for summary judgment on "all or any part [of the claims asserted against it]." Fed. R. Civ. P. 56(b); *see also* Fed. R. Civ. P. 56(c) ("A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages.").

Summary judgment is "properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed 'to secure the just, speedy and inexpensive determination of every action.'" *Celotex Corporation v. Catrett,* 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 1). Summary judgment is appropriate when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no

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Quality Control inspected ("QC"), or sold as a part case." Colbourne Decl. ¶ 14; *id.* ("I am not aware of anyone at FPI ever being exposed to the Boiling Shrimp Image on SEA STAR brand block frozen shrimp *and recognizing the problem* prior to January of 1999 [when FPI was given notice of the suit].") (emphasis added). The court finds Colbourne's declaration admissible, and declines to strike it from the record.

genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c).

In a trilogy of 1986 cases, the Supreme Court clarified the applicable standards for summary judgment. *See Celotex,* 477 U.S. 317; *Anderson v. Liberty Lobby. Inc.,* 477 U.S. 242 (1986); *Matsushita Electrical Industry Co. v. Zenith Radio Corp.,* 475 U.S. 574 (1986). The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *See Anderson,* 477 U.S. at 256. The governing substantive law dictates whether a fact is material; if the fact may affect the outcome, it is material. *See id.* at 248. If the moving party seeks summary adjudication with respect to a claim or defense upon which it bears the burden of proof at trial, it must satisfy its burden with affirmative, admissible evidence. By contrast, when the non-moving party bears the burden of proving the claim or defense, the moving party can meet its burden by pointing out the absence of evidence submitted by the non-moving party. The moving party need not disprove the other party's case. *See Celotex,* 477 U.S. at 325.

If the moving party meets its initial burden, the "adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e).

When assessing whether the non-moving party has raised a genuine issue, the court must view the evidence in the light most favorable to the non-movant. *See Anderson,* 477 U.S. at 255 (citing *Adickes v. S.H. Kress and*

Company, 398 U.S. 144, 158-59 (1970)). Nonetheless, "the mere existence of a scintilla of evidence" is insufficient to create a genuine issue of material fact. *Id.* at 252. As the Supreme Court explained in *Matsushita,*

> [w]hen the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts. . . . Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no "genuine issue for trial."

475 U.S. at 586-87 (citations omitted).

To be admissible for purposes of summary judgment, declarations or affidavits must be based on personal knowledge, set forth "such facts as would be admissible in evidence," and show that the declarant or affiant is competent to testify concerning the facts at issue. Fed. R. Civ. P. 56(e). Declarations on information and belief are insufficient to establish a factual dispute for purposes of summary judgment. *See Taylor v. List,* 880 F.2d 1040, 1045 (9th Cir. 1989).

B. Application

1. Accounting of profits

Section 35(a) of the Lanham Act authorizes a plaintiff, "subject to principles of equity, to recover (1) defendant's profits, (2) any damages sustained by plaintiff, and (3) the costs of the action," 15 U.S.C. § 1117(a). Regardless of whether the court uses plaintiff's damages or defendant's profits as a measure of recovery, the total amount awarded "shall constitute compensation and not a penalty." *Id.*; *see also Badger Meter, Inc. v. Grinnell Corp.,* 13 F.3d 1145,

1158 (7th Cir. 1994) (award premised on defendant's unjust enrichment would constitute an impermissible penalty); *Lindy Pen Co. Inc, v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir. 1993) (to award profits where defendant's infringement was unintentional would constitute an impermissible penalty).

A Lanham Act plaintiff must present proof of wrongful intent to recover an accounting of the defendant's profits. *See* 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:61 (4th ed. 2001) [hereinafter McCarthy] (Courts "have almost unanimously required some showing of egregious conduct or intent by the infringer before an accounting of profits will be granted."); *id.* at § 30:62 ("To put it bluntly, courts are not willing to grant an accounting of profits unless the judge 'gets mad' at the defendant."); Rest.3d Unfair Competition § 37 (1995) ("(1) One who is liable to another for . . . infringement of the other's trademark, . . . is liable for the net profits earned on profitable transactions resulting from the unlawful conduct, but only if: (a) the actor engaged in the conduct with the intention of causing confusion or deception"). The Ninth Circuit has stated that a plaintiff is entitled to an accounting of profits in "those cases where the infringement is willfully calculated to exploit the advantage of an established mark." *Lindy Pen,* 982 F.2d at 1405 (internal quotations omitted); *see also id.* at 1406 ("an accounting is proper only where the defendant is 'attempting to gain the value of an established name of another'" (quoting *Maier Brewing Co. v. Fleischmann Distilling Corp.,* 390 F.2d 117, 123 (9th Cir. 1968)); *id.* ("Willful infringement *carries* a connotation of deliberate intent to deceive. Courts generally apply forceful labels such as deliberate, false, misleading, or fraudulent to

conduct that meets this standard.") (internal quotations omitted).

Plaintiff argues that under *Lindy Pen,* all that is required is a "'connection between a defendant's awareness of its competitors and its actions at those competitors' expense.'" Opp. at 3 (*quoting ALPO Petfoods, Inc. v. Ralston Purina* Co., 913 F.2d 958, 966 (D.C. Cir. 1990)).[8] However, *ALPO* is an out-of-circuit case cited in *Lindy Pen* only for guidance, and is not binding authority. *Lindy Pen* at 1406. Courts in this circuit have consistently construed the *Lindy Pen* standard of willfulness to call for a deliberate intent to deceive. *See, e.g., Gracie v. Gracie,* 55 U.S.P.Q.2d 1256, 1262 (9th Cir. 2000) (jury instruction "'you may find that [plaintiffs] intentionally infringed the [] service marks, if you find that they acted 'willfully,' or deliberately and in bad faith, in order to trade upon [Plaintiff's] good will'" was proper as to the bad faith component of willfulness); *Committee for Idaho's High Desert v. Yost,* 92 F.3d 814, 825 (9th Cir. 1996) (affirming district court's award of attorneys' fees under *Lindy Pen* standard where appellants "knowingly, intentionally and deliberately adopted and used [Plaintiff's name]"); *H-D Michigan. Inc. v. Biker's Dream Inc.,* 48 U.S.P.Q.2d 1108 (C.D. Cal. 1998), *aff'd,* 230 F.3d 1366 (9th Cir. 2000) (finding *Lindy Pen* requirement of willfulness satisfied where defendants "intended to capitalize on the strength of Plaintiffs' marks"); *Sega Enterprises Ltd. v. Maphia,* 948 F. Supp. 923, 941 (N.D. Cal. 1996) (award of profits under

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[8] *See also* Opp. at 4 (characterizing *Lindy Pen* as requiring Contessa to show only that defendant 1) was aware of Contessa's mark and the infringing image, 2) perceived the potential goodwill of the former, and 3) proceeded to distribute the latter).

Lindy Pen standard proper where evidence showed defendant willfully infringed plaintiff's trademark, and the infringement was willfully calculated to exploit advantages of plaintiff's mark in order to increase defendant's sales). Thus, Plaintiff's argument for a lower standard of intentionality fails.[9]

Plaintiff argues that it is entitled to the inference that FPI had the requisite willful intent based upon evidence that various FPI employees were aware of Contessa's Boiling Shrimp Image, some employees had been exposed to the inner packages during sampling, partial case sales, or quality control, and that "in at least one instance, soon after a package of the type that bore the Infringing Image was sampled to a customer, that customer placed a follow-up order for more of that shrimp." Opp. at 5-14, 16 (and record cited therein). However, these "facts" fall short of permitting an inference of willful infringement, which requires a "deliberate intent to deceive." *Lindy Pen,* 982

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[9] Plaintiff also attempts to distinguish *Lindy Pen* on its facts. Plaintiff argues that unlike *Lindy Pen*, where defendant's knowledge of plaintiff's mark was attenuated and plaintiff's mark was weak, here Defendant was fully aware of Plaintiff's mark and Plaintiff's mark was a successful one gaining in strength. Opp. at 5-7. Even assuming these differences, Plaintiff provides no evidence of a deliberate intent to deceive. Plaintiff's conclusory allegations of intent without evidentiary support are insufficient to demonstrate the requisite intent. *See, e.g.*, Opp. at 7:10-12 ("There is every commercial reason for a competitor to want to ride the coattails, through infringement, of a mark this strong and this significant."); Opp. at 14 ("FPI's sales force and management must have know they were dealing in a contraband mark. Yet, they took no remedial action, because an association with Contessa's reputation for quality couldn't hurt sales, and it just might help."); Opp. at 4 ("The very same commercial motivation that drove Lockpur to originally pirate Contessa's image also drove FPI and the other American Defendants to distribute it in order to benefit.").

F.2d at 1446.[10] Intention to trade upon another's goodwill has been inferred in cases where defendants knew of plaintiffs mark, had freedom to choose any mark, and "just happened" to choose a mark confusingly similar to plaintiff's mark. McCarthy on Trademarks § 23:115; *id.* ("Where we can perceive freedom of choice with full knowledge of a senior user's mark, we can readily read into defendant's choice of a confusingly similar mark the intent to get a free ride upon the reputation of a well-known mark."). Other evidentiary facts which have been used as a basis from which to infer intent are the continued use by defendant of a mark after being informed by plaintiff that plaintiff considered such use to be an infringement, and the fact that a defendant has previously been enjoined from infringing other trademarks. McCarthy § 23:120. Plaintiff has alleged none of these facts, and provides no controlling authority for the proposition that it is entitled to an inference of willfulness based upon the type of evidence it has offered. There is nothing in the record suggesting the type of egregious conduct required for an award of profits. *See Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 963 (7th Cir. 1992), *remanded and aff'd*, 34 F.3d 1340 (7th Cir.1994) (reversing award of profits because evidence of defendant's bad faith was "marginal at best").

In light of these circumstances, an award of profits would constitute an impermissible penalty. *See Lindy Pen*,

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[10] In this court's prior order, the court rejected the theory that mere knowledge of an infringing mark is enough to infer intent. *See* March 12, 2001 Order Granting Defendants Berdex, Coast to Coast, and The I.C.E. Company's Motion for Summary Adjudication of Plaintiff's Entitlement to Profits and Attorneys' Fees.

at 1407 ("To award profits in this situation would amount to a punishment in violation of the Lanham Act . . . "). Accordingly, the court concludes Plaintiff has adduced insufficient evidence that Defendant intentionally "exploit[ed] the advantage of an established mark" to raise a triable issue of fact as to its claim for Defendant's profits. *Id.* at 1405 (internal quotations omitted).[11]

2. Attorneys' Fees

Section 35(a) of the Lanham Act authorizes the court to award reasonable attorney fees "in exceptional cases." 15 U.S.C. § 1117(a). "While the term 'exceptional' is not defined in the statute, generally a trademark case is exceptional for purposes of an award of attorneys' fees when the infringement is malicious, fraudulent, deliberate or willful." *Lindy Pen,* 982 F.2d at 1409. Courts have required a Lanham Act plaintiff to show "a high degree of culpability on the part of the infringer" to recover his attorneys' fees. *Texas Pig Stands, Inc. v. Hard Rock Café*

[11] Plaintiff requests leave to file supplemental papers or for a continuance pursuant to Fed. R. Civ. P. 56(f) until discovery is completed, in order to assemble further facts relating to FPI's willfulness. Opp. at 22. Although the discovery cut-off is four weeks away, Plaintiff has had ample opportunity over the past three years to develop evidence satisfying the *Lindy Pen* standard of wrongful intent. Indeed, Plaintiff's insistence on a lower standard strongly suggests that no such evidence exists. Moreover, Plaintiff has been on notice for over half a year that defendants seek adjudication of equitable remedies requiring willful conduct: three other defendants filed for summary adjudication of Plaintiff's non-entitlement to profits and attorneys' fees in January, and that motion was granted. Finally, Plaintiff points to no outstanding discovery likely to yield in the next four weeks crucial evidence of willfulness that three years of discovery has thus far failed to reveal. Accordingly, Plaintiff's request is denied.

Int'l, Inc., 951 F.2d 684, 697 (5th Cir. 1992); *accord Martin's Herend Imports. Inc. v. Diamond & Gem Trading USA Co.*, 112 F.3d 1296, 1305 (5th Cir. 1997) ("Plaintiffs did not demonstrate the kind of highly culpable conduct meriting an award of attorney's fees.").

An award of attorneys' fees under § 1117(a) requires more than knowledge of plaintiffs' mark. *See Lindy Pen* at 1409 (declining to award attorneys' fees, despite defendant's admission that it had knowledge of plaintiff's trademark rights); *Texas Pig Stands*, 951 F.2d at 698 (reversing an award of attorneys' fees, despite district court's finding that "defendant sold pig sandwiches knowing of plaintiff's mark . . . in simple disregard of plaintiff's rights"). A case in point is *Chronicle Publishing Co. v. Legrand*, 24 U.S.P.Q.2d 1881 (N.D. Cal. 1992). There, the evidence established that the defendant "knew or should have known of [the plaintiff's] trademarks and the potential for confusion, and that he nevertheless went forward with his plans." *Id.* at 1889. The court nonetheless concluded that "[the defendant's] conduct, while arrogant and selfish, did not rise to the high level necessary to justify the award of attorneys' fees." *Id.* at 1888.

Here, Contessa has failed to establish "the kind of highly culpable conduct" that would merit an award of attorneys' fees. *Martin's Herend Imports*, 112 F.3d at 1305; *cf. Texas Pig Stands*, 951 F.2d at 697 ("While we do not condone [defendant's] infringement, its actions do not approach 'deliberate pirating' or 'egregious conduct.'"). At most, Contessa has presented evidence from which a reasonable factfinder could infer that Defendant had "reason to know" of Plaintiff's interest in the Boiling Shrimp image, and shipped packages of shrimp bearing plaintiff's mark in "simple disregard of plaintiff's rights."

Texas Pig Stands, 951 F.2d at 696, 698. Such evidence is not sufficient to defeat Defendant's motion for summary adjudication of the attorneys' fees issue. Because this case is not "exceptional" for purposes of the attorneys' fee provision of Section 35(a), Defendant's motion for summary adjudication of Plaintiff's non-entitlement to attorneys' fees is granted. *Cf. Lindy Pen,* 982 F.2d at 1410 ("Other than its longevity, there is nothing exceptional about this case.").

3. Injunctive Relief

As the court summarily adjudicates the issue of intentionality, the sole potential remedy available to Plaintiff is injunctive relief. Defendant argues that injunctive relief is not appropriate in this case, as the offending conduct ceased years ago, and there is no reasonable expectation it will resume. Defendant argues the case should be dismissed as moot against Defendant FPI.[12]

[12] Plaintiff's causes of action against FPI are 1) trademark infringement pursuant to 15 U.S.C. § 1125(a); 2) trade dress infringement pursuant to 15 U.S.C. 1125(a); 3) common law trade dress infringement, 4) common law unfair competition and palming off; 5) statutory unfair competition under Cal. Bus. & Prof. Code § 17200; and 6) false advertising under Cal. Bus. & Prof. Code § 17500.

Defendant argues, and Plaintiff does not dispute, that Plaintiff's unfair competition claims, both in common law and under Cal. Bus. & Prof. Code §§ 17200 and 17500, are identical to the trademark infringement and unfair competition claims under Section 43(a) of the Lanham Act, and that as such these claims should be construed as one claim for unfair competition. *See* Mot. at 11 n.8; Opp. at 19 n.4 ("All these causes of action must go forward to trial along with Contessa's Lanham Act claims, to the extent they yield either injunctive relief or disgorgement of profits, because of the very congruence cited by FPI between these various causes of action."). Thus, if the court precludes

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The Lanham Act gives courts the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation" of a registrant's rights. 15 U.S.C. § 1116(a). A plaintiff is not automatically entitled to an injunction simply because it proves its affirmative claims. *Pyrodyne Corp. v. Pyrotechnics Corp.*, 847 F.2d 1398, 1402 (9th Cir. 1988) ("[T]he grant of injunctive relief is not a ministerial act flowing as a matter of course."). When only an injunction is in issue, the case is purely equitable and there is no right to trial by jury. McCarthy § 32:127.

In *Friends of the Earth, Inc. v. Laidlaw Env. Services (TOC), Inc.*, 528 U.S. 167 (2000), the Supreme Court stated that the standard for determining whether a case has become moot by the defendant's voluntary conduct is stringent: "'A case might become moot if subsequent events made it absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur.'" *Id.* at 189 (*quoting United States v. Concentrated Phosphate Export Assn.*, 393 U.S. 199, 203 (1968)). The Court further stated that "[t]he heavy burden of persuading the court that the challenged conduct cannot reasonably be expected to start up again lies with the party asserting mootness." *Id.* (internal quotations omitted).

Given the court's finding of nonwillfulness, Defendant's sworn declaration stating that Defendant terminated its business relationship with Lockpur in January 1999, the undisputed fact that no further infringing

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accounting of profits, attorneys' fees, and injunctive relief as to the Lanham Act claims, no remedies will exist for any of Plaintiff's claims against FPI.

activity has been alleged against FPI since that time, and the lack of evidence that Defendant had a commercial interest or motivation to use the allegedly infringing image, the court finds that Plaintiff's claims for injunctive relief have been rendered moot, as the allegedly wrongful behavior cannot reasonably be expected to recur. *See In re Circuit Breaker Litigation,* 860 F. Supp. 1453, 1456 (C.D. Cal. 1994), *aff'd, Westinghouse Elec. Corp. v. Gen. Circuit Breaker & Elec. Supply, Inc.,* 106 F.3d 894 (9th Cir. 1997) ("If . . . the defendant infringed innocently, ceased before judgment and assured the court that it has no intention of infringing in the future, the public needs no protection. In these circumstances, courts usually deny requests for permanent injunctions.")[13]; *see also White v. Lee,* 227 F.3d 1214 (9th Cir. 2000) (plaintiff's claim for prospective relief moot where defendant met heavy burden of proving its challenged conduct could not reasonably be expected to recur with evidence that defendant had permanently changed its conduct).[14]

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[13] While on appeal the Ninth Circuit found that the defendants' equitable defenses were in themselves sufficient to justify the district court's refusal to enter a permanent injunction, the court also stated that "[t]he [district] court's findings that the defendants were innocent infringers and that they were not likely to harm the public in the future offer additional justification for the denial . . ." *Westinghouse,* 106 F.3d at 903.

[14] Plaintiff relies on *Polo Fashions, Inc. v. Dick Bruhn, Inc.,* 793 F.2d 1132 (9th Cir. 1986) to argue "there is nothing but doubt regarding FPI's actions and Contessa's future protection." Opp. at 20. In *Polo Fashions,* the Ninth Circuit, while acknowledging that cessation of unlawful conduct can moot the issue of an injunction, found a permanent injunction was warranted because defendants had willfully violated plaintiff's trademark rights, continued to distribute the counterfeit goods after plaintiff demanded its cessation, and refused to stop violating those rights until ten days after plaintiff brought suit in

(Continued on following page)

IV. Conclusion

For the reasons set forth above, this court grants Defendant's motion to preclude Plaintiff from recovering an accounting of profits, attorneys' fees, and injunctive relief, and dismisses the suit with prejudice against Defendant FPI as moot.

IT IS SO ORDERED.

DATED: July 30, 2001

/s/ Nora M. Manella
Nora M. Manella
United States District Judge

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federal district court. *Id.* at 1135. This case is easily distinguishable, given the court's finding of nonwillfulness and the lack of evidence that Defendant continued to distribute the allegedly infringing goods after a demand by Plaintiff to stop. Indeed, Defendant has proffered evidence that upon receiving word of the suit, it took immediate steps to cure the conduct. *See* Colbourne Decl. ¶¶ 16, 17, 18.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ZB INDUSTRIES, INC., a California corporation, Plaintiff, v. LOCKPUR FISH PROCESSING CO., LTD.; et al. Defendants.	CASE NO. CV 98-8218 NM (SHx) JUDGMENT (Filed Sep. 20, 2001) Consolidated with Case No. CV 99-10913 NM (SHx)
AND RELATED CROSS-ACTIONS	
ZB INDUSTRIES, INC., a California corporation, Plaintiff, v. FISHERY PRODUCTS INTERNATIONAL, INC., a Massachusetts corporation, SEA PORT PRODUCTS CORPORATION, a Washington corporation, AQUA STAR, INC., a corporation, and ADMIRALTY ISLAND FISHERIES, INC., d/b/a Aqua Star, a corporation, Defendants.	

On April 23, 2001, Defendant Fishery Products International ("FPI") filed a motion for summary judgment, Upon full consideration of the moving, opposition, and reply papers, the relevant authorities, and the entire file herein, the court granted FPI's motion for summary judgment July 31, 2001. A decision having been duly rendered,

It is Ordered and Adjudged that Plaintiff take nothing, and that the action be dismissed with prejudice on the merits.[1]

DATED: September 19, 2001

/s/ Nora M. Manella
Nora M. Mantilla
United States District Judge

[1] Contrary to Plaintiff's assertions in its Opposition to the Form of Judgment Lodged by FPI, no active claim is still pending against FPI. The court's resolution of Plaintiff's copyright claims against Defendants Berdex Seafood, Inc., Coast to Coast Seafood, Inc., and The I.C.E. Company applied to Plaintiff's copyright claims against all Defendants, as the court granted summary judgment on the basis that Contessa had failed to affix notice of copyright on more than a relatively small number of copies distributed to the public. *See* August 29, 2000 Order Granting Defendants' Motion for Partial Summary Judgment of Plaintiff's Copyright Claim. Contessa did not seek reconsideration of the court's July 31, 2001 order dismissing Plaintiff's claims against FPI as moot. *See* July 31, 2001 Order Granting Defendant FPI's Motion for Summary Judgment Regarding Intentionality and Injunctive Relief and Dismissing Plaintiff's Claims against Defendant FPI as Moot. Moreover, although not adopted by the court, in Plaintiff's May 7, 2001 proposed order for entry of final judgment on its copyright claim and for stay of the action, Plaintiff represented that final judgment in favor of *all* Defendants against Contessa on its copyright claim could be immediately entered "for the reasons stated in the Order dated August 29, 2000." *See* Proposed Order Granting Rule 54(b) Relief; Stay of Action; Final Judgment Dismissing Copyright Claim of Plaintiff Constessa Food Products, Inc., at 2.

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

CONTESSA FOOD PRODUCTS, INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellant, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and, BERDEX SEAFOOD INC.; THE MAZZETTA COMPANY, an Illinois Corporation; SLADE GORTON & CO., INC., a Massachusetts Corporation; HANWA AMERICAN CORP., a New York Corporation; FISHERY PRODUCTS INTERNATIONAL INC., a Massachusetts Corporation; COAST TO COAST SEAFOOD, INC.; SEA PORT PRODUCTS CORPORATION, a Washington Corporation; ADMIRALTY ISLAND FISHERIES INC., a Corporation dba Aqua Star, Defendants-Appellees.	No. 03-55415 D.C. No. CV-98-08218-NMM Central District of California, Los Angeles ORDER (Filed Feb. 15, 2005)

CONTESSA FOOD PRODUCTS, INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellee, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and, THE MAZZETTA COMPANY, an Illinois Corporation, Defendant-Appellant.	No. 03-55469 D.C. No. CV-98-08218-NMM Central District of California, Los Angeles

CONTESSA FOOD PRODUCTS, INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellee, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and, SLADE GORTON & CO., INC., a Massachusetts Corporation, Defendant-Appellant.	No. 03-55502 D.C. No. CV-98-08218-NMM Central District of California, Los Angeles

CONTESSA FOOD PRODUCTS INC., fka ZB Industries Inc., a California Corporation, Plaintiff-Appellee, v. LOCKPUR FISH PROCESSING CO. LTD., Defendant, and, HANWA AMERICAN CORP., a New York Corporation, Defendant-Appellant.	No. 03-55581 D.C. No. CV-98-08218-NMM Central District of California, Los Angeles

Before: SCHROEDER, Chief Judge, GOODWIN, and CLIFTON, Circuit Judges.

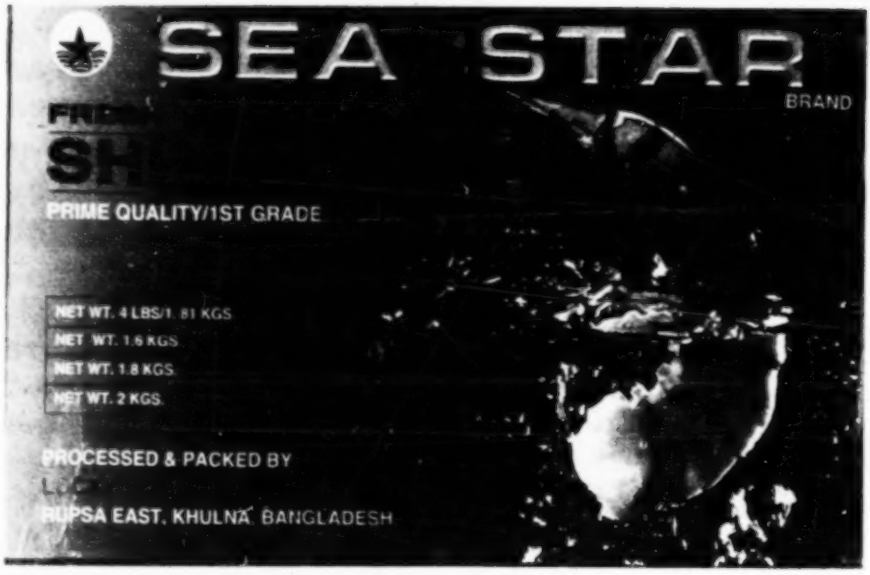
The panel has voted to deny the petition for rehearing. Chief Judge Schroeder and Judge Clifton have voted to deny the petition for rehearing en banc; and Judge Goodwin so recommends.

The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for rehearing and the petition for rehearing en banc, filed January 18, 2005, are DENIED.

Contessa Image:

Lockpur Image:



Supreme Court, U.S.
FILED
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No. 04-1693

In The

Supreme Court of the United States

CONTESSA FOOD PRODUCTS, INC.,

Petitioner,

vs.

BERDEX SEAFOOD, INC., et al.,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Fishery Products International, Inc. ("FPI") states that FPI is a 100 percent subsidiary of Fishery Products International, Ltd., a subsidiary of FPI Ltd., which is a Canadian company publicly traded on the Toronto and Montreal Stock Exchanges.

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STATEMENT

FPI is an importer and distributor of seafood products, including shrimp. App. 42a.[1] In 1997 and 1998, FPI purchased block frozen shrimp from a Bangladeshi Seafood packing company, Lockpur Food Products, Inc. ("Lockpur"). *Id.* 43a, n.5. The block frozen shrimp obtained by FPI for eventual sale to its domestic customers is not the type of shrimp typically sold to retailers for eventual sale to consumers in its packaged form. *Id.* 42a-43a, n.5. Rather, FPI sold the Lockpur block frozen shrimp primarily to institutional and food service type customers such as distributors, hotels, and restaurants. *Id.* 43a, n.5.

Contessa sued FPI on December 4, 1998. *Id.* 43a, n.1. During 1997 and 1998, Defendant Lockpur shipped block frozen shrimp to FPI in SEA STAR brand packaging which bore Contessa's Boiling Shrimp photograph. *Id.* 43a. Packages of the Lockpur block frozen shrimp product were shipped in generic cartons made of corrugated cardboard. Each carton contained six smaller four-pound packages of shrimp. The Boiling Shrimp image appeared on the inner packages, not on the outer cartons. FPI generally did not inspect the inner packages prior to distribution unless the product was being sampled, quality control inspected, or sold as a part case. *Id.*

As noted above, the complaint against FPI was filed in December of 1998. FPI learned of the lawsuit on or about January 4, 1999, and upon learning of the claims asserted in the lawsuit, immediately investigated the allegations

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[1] As no additional documents were required for an appendix, references to the appendix are to the Petition's appendix attached to its Petition for Writ of Certiorari.

and determined that there were 25 SEA STAR brand shrimp cartons in FPI's inventory. *Id.* 44a. FPI broke open the master cartons and discovered the inner cartons containing the Boiling Shrimp image. *Id.* FPI then removed and discarded the inner cartons, which contained the Boiling Shrimp image, and resold the shrimp in plain packaging. *Id.* 44a. In addition, subsequent to receiving notice of the claims set forth in the complaint, FPI ceased all business with Lockpur and did not resume business relations with it. *Id.* 43a.

REASONS FOR DENYING THE WRIT

I. This Case Is Not A Proper Case For Review Since The Primary Basis For Petitioner's Request Does Not Implicate The Activity Of FPI

The standard for imposition of profits as a monetary remedy for violations premised under the Lanham Act is governed by Section 35(a) of the Lanham Act. Section 35(a) specifies that the available remedies are "subject to the principles of equity," and include (1) defendant's profit, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

According to Petitioner, Section 35(a) of the Lanham Act, read properly, does not require a finding of a "willful violation" for imposition of the disgorgement of profit remedy for a violation of Section 43(a). *See*, Petition, p. 17. Petitioner rests its argument principally on the premise that the 1999 Amendment to Section 43(c) of the Lanham Act suggests a recent legislative intent to *excise* the

requirement of willfulness as a predicate to an award of a defendant's profits under Section 35(a).

Petitioner asserts that the August 5, 1999 legislative amendments to the Lanham Act ("the 1999 Amendment")[2] evidence a newly articulated legislative intent that a finding of willfulness is not a required element of proof for an award of a defendant's profits for violation of Section 43(a). Therefore, Petitioner argues, because there is an absence of the term "willful" in regard to a violation of Section 43(a), Congress must have intended that willfulness not be a required element of proof in order to award a defendant's profits as a remedy for violating Section 43(a).

Notwithstanding Petitioner's theory concerning the 1999 Amendment, this case fails to present a legally appropriate set of facts to resolve the Legislature's intent concerning the element of willfulness in the context of Section 43(a) violations. The alleged wrongful acts of FPI and the other defendants occurred ***prior*** to the enactment of the 1999 Amendment (i.e., before August 5, 1999), and hence, are not subject to the revised Lanham Act at all. As noted previously, the alleged wrongful acts occurred in 1997 and 1998 and there is therefore admittedly no evidence in the record of any alleged wrongful acts by FPI *after* August 5, 1999. As such, the 1999 Amendment that Petitioner argues is indicative of the Legislature's revised and newly minted intent on the issue of willfulness is inapplicable to the facts of this case. The issue is not ripe as to FPI. Review would not serve the interests of judicial economy because this court would be forced to engage in a review of a legal issue not relevant to the parties.

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[2] Pub. L. No. 106-43, §3(b), 113 Stat. 218, 219 (Aug. 5, 1999).

As articulated by one commentator, "if the justices believe a petition raises an issue of appropriate national importance, they will vote to grant certiorari only if they are also convinced that the case is the right one to decide the issue it presents." Erwin Chemerinsky & Dorianne L. Coleman, *Catching The High Court's Eye With A Compelling Petition*, 41-APR Trial 70 (2005). This case is not the right case to decide the intended scope of the 1999 Amendment because, regardless of the Court's determination, the decision will have no impact on the parties before the Court. The Court's ruling would, in essence, be merely advisory, which of course, is not this Court's role.

> The exercise of judicial power under Article III of the Constitution depends on the existence of a case or controversy. As the court noted in *North Carolina v. Rice*, 404 U.S. 244, 246 92 S. Ct. 402, 404, 30 L.Ed. 2d 413 (1988) a federal court has neither the power to render advisory opinions nor 'to decide questions that cannot affect the rights of litigants before them.' Its judgments must resolve a real and substantial controversy admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts. [Citations omitted].

Preiser v. Newkirk, 422 U.S. 395, 95 S. Ct. 2230, 2334 (1975).

II. The 1999 Amendments To The Lanham Act Cannot Be Applied Retroactively To FPI

As noted in the introduction, Petitioner filed its original complaint on October 8, 1998, and amended the complaint to include FPI as a defendant in December of

1998.[3] As the record establishes, the acts complained of occurred during 1997 and 1998 and no later than January 13, 1999. The relevant amendments to the Lanham Act regarding the insertion of the phrase "the violation of §43(a), or a willful violation under §43(c)" (which Petitioner relies upon) were enacted on August 5, 1999, by the Trademark Amendment Act of 1999. Pub. L. No. 106-43, §3(b), 113 Stat. 218 (Aug. 5, 1999).

Congress expressed no intent in making the 1999 Amendment retroactive. Also, there is a presumption against retroactive application of a statute to conduct that occurred prior to its enactment, absent clear intent by Congress to do otherwise. *Landgraf v. USI Film Products*, 511 U.S. 244, 280, 114 S. Ct. 1483, 1505 (1994).

> When a case implicates a Federal statute enacted after the events in suit, the court's first task is to determine whether Congress has expressly prescribed the statute's proper reach. If Congress has done so, of course, there is no need to resort to judicial default rules. When, however, the statute contains no such express command, the court must determine whether the new statute would have retroactive effect, i.e., whether it would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed. If the statute would operate retroactively, our traditional presumption

[3] FPI was not sued for copyright infringement. *See* Petition, p. 4, n.3.

> teaches that it does not govern absent clear Congressional intent favoring such a result.

Id.

This Court in *Landgraf* explained the rationale for this presumption against retroactive application of new statutes:

> As Justice SCALIA has demonstrated, the presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than the Republic. Elementary considerations of fairness dictate that individuals should have the opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted. For that reason, the 'principle that the legal effect of conduct should ordinarily be assessed under the law that existed when the conduct took place has timeless and universal appeal.' [Citations and footnotes omitted].

Id. at 265.

The 1999 Amendment is silent regarding whether the revisions to the remedies provisions of the Lanham Act apply retroactively. Consequently, there is no evidence to suggest that the statute should be applied to any act prior to August 5, 1999. Since the impact of the 1999 Amendment does not affect FPI, the foundation of Petitioner's argument fails, resulting in the conclusion that this case is not the right case for a review of the statute at issue.

III. Notwithstanding That The 1999 Amendment To The Lanham Act Is Not Applicable To The Facts Of This Case, Amendment Was Not Intended To Address Section 43 Remedies

As noted above, the 1999 Amendment amended language related to the application of remedies under Section 43(c) – the dilution statute – and did not alter any language related to application of monetary remedies related to Section 43(a). Petitioner suggests that inclusion of the reference to "willful" into Section 35(a) in relation to violations of Section 43(c) – while not including the reference in Section 35(a) in relation to violations of Section 43(a) – suggests that willfulness should not be considered as an absolute prerequisite to an award of defendant's profits under Section 43(a).

A review of the available legislative history shows that the intent of Congress as it relates to the enactment of the 1999 Amendment was to clarify that both injunctive relief and damages are available for a *willful* violation of Section 43(c):

> Section 3 seeks to clarify that in passing the Dilution Act, Congress did intend to allow for injunctive relief and/or damages against a defendant found to have willfully intended to engage in commercial activity that would cause dilution of a famous trademark . . . The language of the Dilution Act presented to the President for signing did not include the necessary changes to §§35(a) and 36 of the Trademark (Lanham) Act of 1946 as referred to in the Dilution Act. Therefore, in an attempt to clarify Congress' intent and to avoid any confusion by courts trying to interpret the statute, Section three makes the appropriate

> changes to §§35(a) and 36 to allow for injunctive relief and damages.

H.R. REP. NO. 106-250 at 6, 106th Cong. (1999).

There is nothing in this report to support the Petitioner's argument that Congress intended to address any issues with regard to violations of Section 43(a). Indeed, the language expressly indicates Congress was addressing remedies solely as they relate to Section 43(c).[4]

The legislative history affirms that the sole focus of the Legislature's attention in the creation and adoption of the 1999 Amendment was related to application of remedies as they relate to *trademark dilution* under Section 43(c). The Legislature made no effort to address or modify the requirements of any monetary remedy under Section 43(a). As such, Petitioner's argument as it relates to the interpretation of the 1999 Amendment, is not supported by the legislative history or the text of the statute.

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[4] This is further supported by the testimony given to the Subcommittee on Courts and Intellectual Property regarding the 1999 Amendment. Kim Muller of the International Trademark Association ("INTA") testified as follows:

> Sections 35(a) and 36, the sections of the Act relating to damages were not amended to account for damages which are available for acts of willful dilution (as specified in the second sentence of the new 43(c)(2).) Without these minor amendments, the relief sections of the Lanham Act are inconsistent on their face, because none authorizes the relief available under the new section Section 43(c)(2). Unless these amendments are adopted, the risk exists that courts may apply the relief provisions of the dilution statute in a manner contrary to Congress' intent.

1999 WL 279526.

IV. Judicial Review Of The Question Presented Must Necessarily Analyze The Impact Of The 1999 Amendment

Petitioner argues there is a three-way split of authority among appellate circuits[5] concerning the treatment of willfulness as a prerequisite for an award of profits for violation of Section 43(a). *See*, Petition, p. 10. Petitioner claims that even though the 1999 Amendment "has an explicit requirement of willfulness only with respect to *dilution* claims under Section 43(c)," there are still three circuits that hold that willfulness is an absolute prerequisite for awards for infringement under Section 43(a). *Id.*

Many of the cases cited by Petitioner as illustrating the circuit split pre-date the enactment of the 1999 Amendment. As such, Petitioner has essentially proved that the alleged circuit split existed *before* the enactment of the 1999 Amendment and continues to exist after the enactment of the 1999 Amendment. Petitioner further submits that proper interpretation of the Amendment should put to rest any doubts about whether willfulness is an absolute prerequisite to an award of profits.

Petitioner urges the Court, therefore, to review this case to reconcile the alleged split of authority ***and*** to thus properly construe the 1999 Amendment. Implicit in Petitioner's logic is the requirement that a comprehensive review of the question presented must include an analysis of the 1999 Amendment. It is, after all, not possible to render a thorough review of the willfulness issue without

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[5] Respondent disagrees that there is a significant split of authority, however, whether there is or is not is of no import for whether review is appropriate here.

considering the present state of the law. As such, any review of the question presented, must necessarily consider the effect of the 1999 Amendment as well as the decisions that have commented upon it.[6] Since the Amendment does not affect FPI, this is not the right case for review of the questions presented.

CONCLUSION

For the forgoing reasons, FPI requests that the Court deny review.

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Dated: August 31, 2005

[6] Respondent has located four cases which rely, at least in part, in analyzing the willfulness element as it relates to monetary remedies per Section 43(a) violations on the 1999 Amendment. These include: *Banjo Buddies, Inc. v. Renovsky*, 379 F.3d 168 (3rd Cir. 2005); *Quick Technologies, Inc. v. Sage Group PLC*, 313 F.3d 338 (5th Cir. 2002); *Gucci America v. Daffy's Inc.*, 354 F.3d 228 (3rd Cir. 2003); *Nike, Inc. v. Top Brand Co., Ltd.*, 2005 WL 1654859 (S.D. N.Y. 2005). A review of the question presented therefore, will necessarily have to analyze these courts' views on the 1999 Amendment.

No. 04-1693

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In The
Supreme Court of the United States

CONTESSA FOOD PRODUCTS, INC.,

Petitioner,

vs.

BERDEX SEAFOOD, INC., et al.,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Slade Gorton & Company, Inc. states that it has no parent corporation and no publicly held corporation holds ten percent (10%) or more of its stock.

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INTRODUCTION

Respondent Slade Gorton & Company, Inc. ("Slade Gorton") hereby opposes Petitioner Contessa Premium Foods, Inc.'s ("Contessa's") Petition for Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case. Specifically with regard to Slade Gorton, there is no longer any issue or controversy; thus there is nothing for this Court to review.

The crux of this matter revolves around Contessa's Boiling Shrimp image to which it claims ownership of certain copyrights and trademark rights.

Petitioner Contessa is an importer and distributor of seafood, including shrimp. (See Petition at page 3). Like the other respondents, Slade Gorton is in the business of distributing seafood products, including shrimp. In or about 1988, Contessa began selling shrimp bearing the Boiling Shrimp image on its box packages. [Court of Appeal Excerpts of Record "C.A. ER" 6-153/1444:¶30[1]].

Contessa contends that from approximately 1997 to 1998, Lockpur Fish Processing Co. ("Lockpur") shipped frozen shrimp in "*Sea Star*" brand packaging bearing a photograph similar to the Boiling Shrimp image. (See Petition at page 3). Packages of the Lockpur frozen shrimp product were shipped in generic cartons made of corrugated cardboard. Each carton contained six smaller four-pound packages of shrimp. Lockpur's version of the Boiling Shrimp image appeared only on the inner packages – not

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[1] The Court of Appeals Excerpts of Record by Contessa "C.A. ER" are referenced as follows: [C.A. ER volume #-tab # / page #: line # or paragraph #]

on the outer cartons. (See Petition at page 3 and C.A. ER 3-76/0694:¶4).

Contessa has eloquently described the packaging used by Lockpur which infringed on its Boiling Shrimp image. However, Contessa completely failed to mention that Lockpur also used at least one type of packaging that did *not* display the Boiling Shrimp image – which did not infringe Contessa's purported copyright under the Copyright Act (17 U.S.C. §505). (See App. 5a and fn. 2 attached to Petition).

Contessa contends that the respondents, including Slade Gorton, infringed its copyright by distributing to their own customers the frozen shrimp packed by Lockpur.[2] However, the evidence all along has shown that Slade Gorton did not participate in the packing process and never possessed, sold, and/or distributed shrimp bearing the alleged infringing image.

The District Court and the Court of Appeal correctly decided that Contessa's claims against Slade Gorton were without merit. (See App. 1a-8a in Petitioner's petition). Specifically, the Court of Appeal for the Ninth Circuit ruled that Contessa's claims against Slade Gorton were based solely upon speculation. (See App. 6a in Petitioner's petition). Still without any evidence that Slade Gorton ever possessed (let alone distribute) the infringing packaging, Contessa now seeks review from this Court.

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[2] On page 6 of its Petition, in footnote 5, Contessa concedes that it is not seeking review of the trademark claims against Slade Gorton and other respondents.

STATEMENT OF FACTS PERTINENT TO SLADE GORTON

Petitioner states in its brief on page 3 that "Respondents . . . bought tens of thousands of cartons of frozen shrimp from Lockpur Food Products, Inc." As to Slade Gorton, this statement is incorrect. Slade Gorton never purchased any *Sea Star* shrimp from Lockpur. Rather, the only purchases by Slade Gorton of frozen shrimp that are the subject of this litigation are two isolated purchases – one from Hanwa American Corporation ("Hanwa") in 1998 and the other from Coast-to-Coast ("Coast") in 1999. [Slade Gorton's C.A. ER 1/page 2:¶6; see also Contessa's Court of Appeal Opening Brief at p. 8, fn. 5].

Accordingly, to hold Slade Gorton liable under any theory of copyright infringement, Contessa must first establish that Slade Gorton purchased shrimp in the infringing packaging from either (or both) Hanwa or Coast. Contessa has failed to produce such evidence. In fact, the overwhelming evidence shows that Slade Gorton never possessed any shrimp in the infringing packaging.

The record shows that Lockpur used at least one type of packaging that did *not* display the Boiling Shrimp image, which did not infringe its purported copyright. (See App. 5a and fn. 2 in Petitioner's petition, emphasis added). The evidence shows that Slade Gorton never possessed the alleged infringing packaging. Contessa has never come forward with any evidence as to what type of packaging Slade Gorton possessed. This alone is fatal to Contessa's claims against Slade Gorton. Since Slade Gorton never possessed the alleged infringing product, it could not have distributed it to any third parties. Thus, Slade Gorton

cannot be liable for copyright and/or contributory infringement.

Finally, on Page 6 of its Petition, in footnote 5, Contessa concedes that it is *not* seeking review of the trademark claims against Slade Gorton and other respondents:

> "With respect to five other defendants [including Slade Gorton], the [Ninth Circuit] court held that petitioner's trademark claims failed *because petitioner had not produced sufficient evidence to show that those defendants had ever used the Boiling Shrimp Image in commerce*. App. 6a-7a. *Petitioner* does not seek review of this aspect of the court of appeals' decision and, accordingly, *does not challenge the judgment with respect to those five defendants on the trademark claims.*" (Emphasis added).

Accordingly, as to Slade Gorton, there is no longer any issue or controversy for this Court to review.

REASONS FOR DENYING THE WRIT

Petitioner's writ should be denied for the following reasons:

1. Petitioner contends that Lockpur distributed shrimp to the respondents. The evidence shows that Lockpur used at least two different types of packaging for its shrimp that it distributed to others – only one contained the alleged infringing image. In its opinion, the Ninth Circuit determined that " . . . Lockpur only used the [infringing] Image on *some* of its inner packaging" and referred to Lockpur's use of this image as "*sporadic*". (See App. 5a and fn. 2 in Petitioner's petition, emphasis added).

2. There is absolutely no evidence in the record showing that Slade Gorton ever possessed or sold any shrimp in the infringing packaging. At most, Contessa can only *speculate* that employees of Slade Gorton saw the infringing packaging. As stated by the Court of Appeal in its ruling, "Mere speculation is not sufficient to create a genuine issue of material fact sufficient to defeat summary judgment. *Matushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-587 (1986)." (See App. 6a in Petitioner's petition).

3. As to Slade Gorton, and other respondents like Hanwa and Mazzetta, this Court's recent decision in *MGM Studios, Inc. v. Grokster Ltd.*, Slip Op. No. 04-480 (2005) has no bearing on the decision by the Court of Appeals. A remand in light of this Court's recent decision in *Grokster* would not change the outcome as to Slade Gorton. The holding articulated by this Court in *Grokster* is that "one who ***distributes*** *a device* with the object of promoting its use to infringe copyright, *as shown by clear expression or other affirmative steps taken to foster infringement*, is liable for the resulting acts of infringement by third parties." (Slip. Op. p. 1 (emphasis added).) Here, the Ninth Circuit found that " . . . *there is no admissible evidence in the record that Slade Gorton . . . ever possessed, let alone distributed, the allegedly infringing packaging* . . . " (See App. 6a in Petitioner's petition, emphasis added).

4. Contessa concedes that it is not seeking review of the trademark claims against Slade Gorton. (See Petition at page 6, fn. 5).

5. A petition for a writ of certiorari will be granted only for compelling reasons. Supreme Court Rule 10. Here,

there are no compelling reasons to grant the petition as to Slade Gorton.

6. Based upon the foregoing, Contessa has failed to create any genuine issue of material fact sufficient to defeat summary judgment as to Slade Gorton and the writ should be denied.

CONCLUSION

Based on the foregoing, the Petition for a Writ of Certiorari as to Slade Gorton should be denied.

Dated: August 22, 2005

Respectfully submitted,

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No. 04-1693

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IN THE

Supreme Court of the United States

CONTESSA PREMIUM FOODS, INC.,

Petitioner,

v.

BERDEX SEAFOOD, INC., *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION FOR RESPONDENT HANWA AMERICAN CORPORATION

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CORPORATE DISCLOSURE STATEMENT

Respondent Hanwa American Corporation ("Hanwa American") states that Hanwa Co., Ltd. owns 100% of the stock of Hanwa American.

STATEMENT OF FACTS

In its Statement, petitioner Contessa Premium Foods, Inc. ("Contessa") asserts that respondents "purchased millions of dollars worth of Lockpur shrimp in master cartons which they then sold to U.S. customers." Petition for Certiorari, at 3. In the context in which this statement occurs, the implication is that the frozen shrimp in question were contained in packaging using Contessa's Boiling Shrimp Image. As to respondent Hanwa American Corporation ("Hanwa American"), this is false. As the Ninth Circuit noted, there was "no admissible evidence in the record that . . . Hanwa American . . . ever possessed, let alone distributed, the allegedly infringing packaging. . . ." App. 6a. Moreover, Contessa does not challenge this factual conclusion and, for this reason, has chosen not to challenge the Ninth Circuit's judgment against Contessa on any of the trademark claims asserted as to Hanwa American in its certiorari petition. Petition for Certiorari, at 6 n.5

REASONS FOR DENYING THE PETITION

Respondent Hanwa American opposes petitioner Contessa's Petition for Writ of Certiorari. As a result of concessions and limitations by Contessa, Hanwa American has only limited involvement in the matters as to which Contessa seeks review by this Court. Accordingly, this opposition will be extremely brief.

First, footnote 5 of Contessa's petition states as follows:

> With respect to five other defendants [, including Hanwa American], the [Ninth Circuit] court held that petitioner's [Contessa's] trademark claims

> failed *because petitioner had not produced sufficient evidence to show that those defendants had ever used the Boiling Shrimp Image in commerce.* App. 6a – 7a. *Petitioner* does not seek review of this aspect of the court of appeals' decision and, accordingly, *does not challenge the judgment with respect to those five defendants on the trademark claims.*

(Emphasis added.) This footnote essentially eliminates Hanwa American from all of the issues save one as to which Contessa seeks review. It does so on the basis that – as the Ninth Circuit explicitly found (App. 6a.) – there was no evidence that Hanwa American had ever distributed packaging using the Boiling Shrimp Image in which Contessa claimed intellectual property rights.

Second, this admission also adversely impacts Contessa's position on the only issue before this Court as to which Hanwa American might have any interest. Contessa contends that the Ninth Circuit should be asked to re-evaluate its decision, that Hanwa American and other defendants were also not liable under the U.S. Copyright Act, in light of this Court's recent decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* (No. 04-480, Slip Op., June 27, 2005) ("*Grokster*"). In *Grokster*, this Court held that "one who *distributes a device* with the object of promoting its use to infringe copyright, as shown by clear expression or other *affirmative steps taken to foster infringement*, is liable for the resulting acts of infringement by third parties." (Slip. Op. p. 1 (emphasis added).) There is nothing remotely like such a fact pattern here. Instead, as noted above, Hanwa American did not "distribute" anything of relevance here, whether in the form of the Boiling Shrimp Image or anything

else. Nor can Contessa point to any evidence that Hanwa American did anything to "foster" anyone else's infringement. The ruling in *Grokster* therefore has no bearing here, and a remand would therefore serve no purpose.

CONCLUSION

For the reasons set forth above, Contessa's petition for certiorari should not be granted as to Hanwa American.

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No. 04-1693

2005

OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

CONTESSA PREMIUM FOODS, INC.,

Petitioner,

v.

BERDEX SEAFOOD, INC., *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION FOR RESPONDENT MAZZETTA COMPANY LLC

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Mazzetta Company LLC (formerly, The Mazzetta Company) states that it has no parent corporation and no publicly held corporation holds ten percent (10%) or more of its stock.

STATEMENT OF FACTS RELEVANT TO MAZZETTA COMPANY LLC

Petitioner Contessa Premium Foods, Inc. ("Contessa"), in its Statement, implies that *all* of the "Sea Star" frozen shrimp offered for resale in the United States by Lockpur Food Products, Inc. ("Lockpur") from 1997 through 1998 was packaged "in four-pound boxes displaying a virtual duplicate of the so-called Boiling Shrimp Image, with only the chopsticks removed." Petition for Certiorari, at 3. The Record, however, contains evidence that during the same time period, Lockpur also used a blue and white packaging that Contessa acknowledged did not infringe any of its rights. [Mazzetta's Supplement Excerpts of the Record in the Court of Appeals ("MSER"), Tab 2, pp. 008-009 ¶3].

In 1998, Respondent Mazzetta Company LLC ("Mazzetta") and Contessa entered into a settlement agreement relating to one shipment of imported frozen shrimp from Lockpur to Mazzetta which is not part of Contessa's claims here or in the courts below. [MSER Tab 3, pp. 013-14 ¶8]. Earlier in 1998, Mazzetta had imported four other shipments of frozen shrimp from Lockpur which are the subject of Contessa's claims here and below; to the best of Mazzetta's knowledge, the only shipment that contained any packages bearing the allegedly infringing image was the one that was subject to the settlement between Mazzetta and Contessa. [MSER Tab 2, p. 009 ¶14]. With regard to the shipments at issue in the litigation, "there is no admissible evidence in the record that . . . Mazzetta ever possessed, let alone distributed, the allegedly infringing packaging. . ." App. 6a.

REASONS FOR DENYING THE PETITION

Mazzetta opposes Petitioner Contessa's Petition for Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case. Specifically with regard to Mazzetta, there is no longer any case or controversy, thus there is nothing for the Court to review and this Court lacks jurisdiction.

On Page 6 of its Petition, in footnote 5, Contessa conceded that it is not seeking review of the trademark claims against Mazzetta and other respondents:

> With respect to five other defendants [including Mazzetta], the [Ninth Circuit] court held that petitioner's [Contessa's] trademark claims failed *because petitioner had not produced sufficient evidence to show that those defendants had ever used the Boiling Shrimp Image in commerce.* App. 6a–7a. *Petitioner* does not seek review of this aspect of the court of appeals' decision and, accordingly, *does not challenge the judgment with respect to those five defendants on the trademark claims.*

(Emphasis added.) Indeed, the facts underlying Contessa's trademark claims are exactly the same as those underlying its allegations of copyright infringement with respect to Mazzetta. Recognizing this, the Ninth Circuit reversed the District Court's denial of attorneys' fees to Mazzetta (and others) under the Copyright Act stating: "there is no admissible evidence in the record that . . . Mazzetta ever possessed, let alone distributed, the allegedly infringing packaging. . . ." App. 6a. Therefore, regardless of the recent holding in *MGM Studios, Inc. v. Grokster Ltd.*, No. 04-480 (Slip Op., June 27, 2005) ("*Grokster*"), there simply is

no evidence in the record to support a finding of infringement by Mazzetta of the so-called "Boiling Shrimp Image" in which Contessa claimed intellectual property rights.

A remand in light of this Court's recent decision in *Grokster* could not change the outcome as to Mazzetta. The holding articulated by the Court in *Grokster* is that "one who *distributes a device* with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties." (Slip. Op. p. 1 (emphasis added).) With regard to Mazzetta, this discussion is inapplicable as Contessa never submitted proof that Mazzetta distributed anything other than boxes of frozen shrimp. Frozen shrimp certainly is not the sort of device or service contemplated by *Grokster*, as the frozen shrimp has no proven (let alone known) utility for fostering infringement. Contessa's failure to adduce any evidence that Mazzetta ever distributed anything that infringed its claimed intellectual property rights necessarily means that the result would remain unchanged upon remand.[1]

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1. Of course, the *Grokster* opinion also does not have any bearing on the District Court's conclusion that Contessa has no valid copyright which the Ninth Circuit chose not to reach. App. 4a n.1, 9a-22a.

CONCLUSION

In light of the reasons set forth above, Mazzetta respectfully requests that Contessa's petition for certiorari be denied as to Mazzetta.

Respectfully submitted,

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Mazzetta Company LLC

No. 04-1693

Supreme Court, U.S.
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In The Supreme Court of the United States

CONTESSA PREMIUM FOODS, INC.,

Petitioner,

vs.

BERDEX SEAFOOD, INC., ET AL.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

RESPONDENTS BERDEX SEAFOOD, INC. AND COAST TO COAST SEAFOOD, INC.'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Is proof of willfulness a prerequisite for an award of profits for trademark infringement under section 43(a) of the Lanham Act, 15 U.S.C.A. § 1125(a) (West 1998 & West Supp. 2005)?

2. Should this matter be remanded to the Ninth Circuit for reconsideration in light of this Court's decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005)?

CORPORATE DISCLOSURE STATEMENT

Respondent Berdex Seafood, Inc. has no parent corporation and no publicly held corporation owns 10 percent or more of its stock.

Respondent Coast to Coast Seafood, Inc. has no parent corporation and no publicly held corporation owns 10 percent or more of its stock.

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STATEMENT OF THE CASE

Contessa packages and distributes frozen shrimp. 1 CA ER 2.[1] In December 1986, Contessa created what it calls the Boiling Shrimp image, a photograph of a partially cooked shrimp in boiling water. CA SER 14; *see* 1 CA ER 214. Contessa used the Boiling Shrimp image on its packages of individually quick-frozen shrimp from 1988 through 1999. CA SER 34. Individually quick-frozen shrimp is marketed to consumers because the shrimp are individually frozen, affording the consumer the convenience of using as much or as little as needed. CA SER 59.

Berdex and Coast are both U. S. seafood distributors. In 1997 and 1998, they purchased ship containers of block-frozen shrimp from defendant Lockpur Fish Processing Co., Ltd., a Bangladeshi supplier. CA SER 58, 65; Pet. App. 26a. Each ship container held about 1,500 master cartons of shrimp. CA SER 58. Each master carton, made of corrugated cardboard and marked only with stenciled black lettering, contained six individually wrapped four-pound blocks of frozen shrimp. *Id.* Because block-frozen shrimp must be completely thawed for use all at once, the four-pound blocks produced by Lockpur were inconvenient for individual consumers. *Id.* at 59. Therefore, Berdex and Coast sold the shrimp only to distributors and professional food and host industry buyers representing hotels, restaurants, food service organizations, supermarkets, and the like. *Id.* at 59, 65. Individual consumers saw the shrimp only after it had been removed from the package and thawed. *Id.*

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[1] "CA ER" refers to the Excerpt of Records Contessa filed in the court of appeals. "CA SER" refers to the Supplemental Excerpt of Records Berdex and Coast filed in the court of appeals.

Four-pound block-frozen shrimp is a commodity in the seafood business. *Id.* at 59, 65. Berdex's and Coast's customers generally did not request any particular brand when purchasing block-frozen shrimp. *Id.* Berdex and Coast sold and delivered the shrimp in the sealed, unopened master cartons in which it arrived from Bangladesh. *Id.* at 60, 61. Berdex's vice president saw a sample of the inner packaging only once, in March 1997. 4 CA ER 858-62. On no other occasion did either Berdex or Coast ever examine the inner packaging. CA SER 59, 65.

In September 1998, Contessa came to believe that Berdex and Coast were infringing its claimed copyright and trademark in the Boiling Shrimp image. 3 CA ER 724-25. When Berdex and Coast learned that Contessa was claiming infringement, they immediately isolated their Lockpur product inventory, halted all pending and future transactions involving Lockpur shrimp, thoroughly inspected the inventory, and removed the allegedly infringing packaging. CA SER 66, 72. Out of 3,343 cartons in Coast's inventory, only 10 had any packaging bearing a shrimp image. *Id.* at 66. After taking those steps, neither Berdex nor Coast ever saw or heard that any Lockpur packaging bearing the shrimp image was found in its inventory. *Id.* at 66, 72.

On October 2, 1998, Contessa sued Coast in the district court for the Western District of Washington. 1 CA ER 1-29. Six days later, Contessa sued Lockpur and Berdex in the district court for the Central District of California. *Id.* at 30-62. The case against Coast was transferred to the Central District of California and consolidated with the case against Berdex and Lockpur. *Id.* at 174-84. Contessa amended its complaint to name other seafood distributors as defendants. *Id.* at 70. Contessa alleged that Berdex and

Coast infringed its copyright and trademark in the Boiling Shrimp image. *Id.* at 1-62.

Contessa moved for summary judgment on its trademark infringement claim. Pet. App. 24a. The district court denied the motion, finding triable issues of fact whether Contessa's alleged trademark was protectable and whether there was a likelihood of confusion between Contessa's and Lockpur's marks. 2 CA ER 364-83.

In 2000, Berdex and Coast moved for partial summary judgment on Contessa's copyright infringement claim. Pet. App. 10a. On August 29, 2000, the district court granted the motion, concluding Contessa had published the image without the requisite copyright notice, thus invalidating its copyright. *Id.* at 9a-22a.

Berdex and Coast then moved for partial summary judgment on Contessa's right to profits and attorneys' fees for trademark infringement. Pet. App. 24a. They contended that, if they infringed a protectable trademark, Contessa could not establish that the infringement was willfully calculated to exploit the advantage of an established mark, the standard set by the Ninth Circuit in *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1405 (9th Cir. 1993). Pet. App. 32a, n.10. In response, Contessa argued that Berdex and Coast's "'willful blindness'" supported a finding of knowing infringement. *Id.* at 33a. On March 12, 2001, the trial court granted this motion. *Id.* at 23a-39a.

Finally, Berdex and Coast moved for summary judgment on the only remaining remedies available, damages

and injunctive relief. CR 353.[2] On November 26, 2001, the district court granted that motion as well. 4 CA ER 941-954. The district court then entered judgment in favor of Berdex and Coast. *Id.* at 955-56.

Contessa obtained a default judgment against two defendants, Lockpur and Niamar International, Inc., and the remaining defendants obtained summary judgment. CR 588, 624. The case was not finally resolved as to all defendants until January 30, 2003. CR 622.

Contessa appealed. CR 626. It contended the district court erred by granting summary judgment because there were genuine issues of material fact whether Contessa had forfeited its copyright claim and whether defendants had willfully infringed Contessa's claimed trademark. CA AOB 38-51.[3] Contessa did not dispute that willfulness was a prerequisite for an award of profits for trademark infringement.

The Ninth Circuit affirmed the judgment in an unpublished Memorandum. Pet. App. 1a-8a. With regard to Contessa's copyright infringement claim, the court held:

> Assuming, *arguendo*, that Contessa does have a protectable copyright in the Image, . . . Contessa cannot succeed on a theory of contributory [copyright] liability against any of these Defendants because it has failed to establish a genuine issue

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[2] "CR 353" refers to document no. 353 in the district court clerk's record of this matter.

[3] "CA AOB" refers to the November 28, 2003, Brief of Plaintiff-Appellant Contessa Food Products, Inc. that Contessa filed in the court of appeals.

> of material fact that any of the Defendants knew or had reason to know of Lockpur's infringement.

Pet. App. 4a-5a (footnotes omitted).

With regard to Contessa's trademark infringement claim, the Ninth Circuit assumed *arguendo* that the Boiling Shrimp image was a protectable trademark. *See id.* at 6a. The court held, however, that Contessa had "not introduced any evidence supporting a reasonable inference that five of the eight Defendants ever used the Image in commerce," *id.* at 6a, and therefore those parties could not be held liable for trademark infringement as a matter of law, *id.* at 7a. As to the other three defendants,

> [a]lthough Contessa has introduced evidence supporting a reasonable inference that defendants Fishery Products, Berdex and Coast to Coast did distribute product in packaging containing the Image, we deny Contessa's request for disgorgement of profits because of an absence of any evidence supporting a reasonable inference that any of the Defendants willfully infringed its alleged trademark.

Id. at 7a (citing *Lindy*, 982 F.2d at 1406).

The court of appeals denied Contessa's petition for rehearing. Contessa then petitioned this Court for a writ of certiorari.

SUMMARY OF ARGUMENT

This Court should deny Contessa's petition on the trademark infringement issue for any of several reasons.

First, Contessa raises the issue far too late. This Court does not ordinarily allow a petitioner to assert new

issues not raised in the lower courts. In neither the district court nor the court of appeals did Contessa argue, as it now does, that willfulness is not a prerequisite for an award of profits for violation of section 43(a) of the Lanham Act. On the contrary, in both courts, Contessa assumed willfulness was a prerequisite and attempted to show that the evidence created a triable issue of fact whether defendants' infringement was willful. Consequently, the court of appeals' Memorandum decision did not address or discuss the issue Contessa now raises, and neither should this Court.

Second, Contessa relies on the August 1999 amendments to section 35(a) of the Lanham Act, 15 U.S.C.A. § 1117(a), and cases construing the statute as amended, to support its position that the courts are in conflict on the question whether willfulness is a prerequisite for an award of profits for violation of section 43(a) of the Act, 15 U.S.C.A. § 1125(a). But the 1999 amendments, which changed the statutory requirement of willfulness, do not apply here. The conduct of which Contessa complained occurred in 1997 and 1998; it was governed by the pre-1999 version of section 35(a). Most courts construed the pre-1999 version of section 35(a) to require proof of willfulness as a prerequisite for an order requiring defendant to disgorge profits. The court of appeals here correctly decided the case under the pre-1999 version of section 35(a). Any perceived conflict in the decisions construing the pre- and post-1999 versions of the statute is a false conflict, explainable by the 1999 change in the statutory language.

Third, the cases that have construed the current version of section 35(a) are not in conflict. Two circuits have considered whether willfulness is a prerequisite for an award of profits under the current version of section 35(a), and they reached consistent results. So this Court

has no reason to construe the current version of the statute.

Fourth, with respect to decisions construing the pre-1999 version of section 35(a), which applies here, Contessa overstates the supposed circuit conflict. Most of the circuits interpreted the pre-1999 version of the statute to require willfulness as a prerequisite for disgorgement; *none* held that a defendant who was ignorant of the infringement (which is the case here) could be ordered to disgorge profits. In any event, this Court has little reason to settle a perceived conflict in the interpretation of a statute that was amended in material respects six years ago and that consequently has little or no current legal significance for the issue presented. The Court's interpretation of the now-superseded version of the statute would be of mere historical interest.

Finally, regardless of whether willfulness is a prerequisite for an award of profits, the court of appeals correctly affirmed the judgment because the district court did not abuse its discretion in denying Contessa an award of profits under the facts of this case.

Tacked on to the end of Contessa's petition is a suggestion that remand and reconsideration of Contessa's copyright infringement claim might be appropriate in light of this Court's decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005), which had yet to be filed by the time Contessa filed its petition. Contessa promised to "supplement its petition as appropriate when the opinion in *Grokster* is handed down." Pet. Writ Cert. 24. The opinion in *Grokster* was handed down on June 27, 2005, but Contessa never supplemented its petition. It has apparently abandoned any contention that *Grokster*

justifies remand and has offered no explanation why *Grokster* affects this case. Accordingly, the petition on this issue should be denied as well.

REASONS FOR DENYING THE PETITION

I. CERTIORARI IS UNWARRANTED ON THE TRADEMARK INFRINGEMENT ISSUE FOR NUMEROUS REASONS.

A. The issue Contessa now raises was not raised in the district court or the court of appeals.

This Court does not ordinarily allow a petitioner to present a new issue it never raised in the lower courts. *United States v. United Foods, Inc.*, 533 U.S. 405, 417 (2001) ("Although in some instances we have allowed a respondent to defend a judgment on grounds other than those pressed or passed upon below, *see, e.g., United States v. Estate of Romani*, 523 U.S. 517, 526, n.11, 118 S.Ct. 1478, 140 L.Ed.2d 710 (1998), it is quite a different matter to allow a petitioner to assert new substantive arguments attacking, rather than defending, the judgment when those arguments were not pressed in the court whose opinion we are reviewing, or at least passed upon by it.").

The trademark infringement issue Contessa frames in its petition was not raised in either the district court or the court of appeals.

In the district court, Berdex and Coast moved for summary adjudication of Contessa's claim for an accounting of profits and attorneys' fees for trademark infringement, on the ground Contessa could not establish the

infringement was willful. Pet. App. 32a, n.10. In opposition, Contessa did not dispute that willfulness was a prerequisite to an award of profits. Instead, Contessa argued that "'the requisite intent is found in [Defendants'] willful blindness.'" *Id.* at 33a.

Likewise on appeal, Contessa did not dispute that willfulness was a prerequisite to an award of profits for violation of section 43(a) of the Lanham Act. Rather, Contessa framed the question as whether the evidence was "sufficient to create an issue of fact regarding Appellees' willfulness in infringing Contessa's trademark infringement [*sic*] that defeated summary judgment." CA AOB 2; *see id.* at 39 ("[T]he only remaining issue is whether Contessa's evidence supporting an inference of willfulness in Appellees' infringement is sufficient to reach a jury."). Contessa itself relied on the Ninth Circuit's decision in *Lindy*, which held willfulness was a prerequisite to an award of profits for violation of section 43(a) of the Lanham Act. Contessa asserted it would be entitled to profits if, in fact, defendants' conduct was willful:

> Although profits disgorgement for willful trademark infringement is subject to principles of equity, it is a per se abuse of discretion to fail to order disgorgement adequate to make willful trademark infringement unprofitable. "Where trademark infringement is deliberate and willful, [the Ninth Circuit] has found that a remedy no greater than an injunction 'slights' the public."

CA AOB 39-40 (citations omitted) (quoting *Lindy*, 982 F.2d at 1405).

Again in its petition for rehearing of the court of appeals' decision affirming the judgment, Contessa accepted the proposition that willfulness is a prerequisite for

an award of profits. Contessa simply argued it had satisfied that prerequisite: "The Opinion's asserted absence of evidence supporting a reasonable inference that any Defendant willfully infringed Contessa's trademark is demonstrably false .... All these items [of evidence] combine to support inference [*sic*] of willfulness through affirmative acts or willful blindness." Pet. Reh'g. 6.

Because Contessa consistently framed the issue as whether it had established willfulness, the parties never briefed the issue Contessa now raises – whether willfulness is required at all. For the same reason, neither the district court nor the Ninth Circuit had occasion to consider whether the Ninth Circuit's *Lindy* decision survived the 1999 amendments to section 35(a) of the Lanham Act, an inquiry Contessa now asks this Court to undertake for the first time.

Had Contessa raised this issue in the lower courts, not only would they have considered the issue, but Berdex and Coast would have pressed an alternative argument to support the judgment in their favor – even if willfulness is not a prerequisite, the facts did not support an award of profits. Instead, ever since Berdex and Coast moved for summary adjudication in 2001, the parties have been briefing and arguing the issue whether Berdex and Coast willfully infringed Contessa's claimed trademark. If that is not the issue, then Contessa has wasted four years, consumed scarce judicial resources, and caused Berdex and Coast to incur fees for thousands of hours of attorney time on the wrong issue.

Consistent with its usual practice, this Court should decline to consider Contessa's newly minted trademark infringement issue, which the lower courts had no opportunity to consider because Contessa never raised it.

B. The current version of section 35(a) of the Lanham Act, on which Contessa relies in its petition, does not apply to this case. The alleged infringement occurred before the current version was enacted.

Before August 1999, the first sentence of section 35(a) of the Lanham Act, 15 U.S.C.A. § 1117(a), provided:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C.A. § 1117(a) (West 1998). Section 1125(a) (section 43(a) of the Lanham Act) prohibits trademark infringement by "any false designation of origin, false or misleading description of fact, or false or misleading representation of fact."

In August 1999, Congress amended the first sentence of section 35(a) to read as follows (new language in italics):

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) *or (d)* of this title, *or a willful violation under section 1125(c) of this title,* shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1)

> defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C.A. § 1117(a) (West Supp. 2005) (emphasis added).

Congress's addition of the term "willful violation" changed the meaning of the statute. Before the 1999 amendments, most courts had construed the statute to require proof of willfulness as a prerequisite for an award of defendant's profits for violation of 15 U.S.C.A. § 1125(a). *See, e.g., SecuraComm Consulting Inc. v. Securacom Inc.*, 166 F.3d 182, 190 (3d Cir. 1999); *Bishop v. Equinox Int'l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998); *Lindy*, 982 F.2d at 1405; *George Basch Co., Inc. v. Blue Coral, Inc.*, 968 F.2d 1532, 1534 (2d Cir. 1992); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 968 (D.C. Cir. 1990); *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988).

As amended, the statute requires proof of willfulness as a prerequisite for an award of defendant's profits for violation of 15 U.S.C.A. § 1125(c) but not 15 U.S.C.A. § 1125(a). *See Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 175 (3d Cir. 2005) (holding that 1999 amendments to section 35(a) of Lanham Act superseded Third Circuit's earlier decision in *SecuraComm*, 166 F.3d 182, which required willfulness as prerequisite for profits award for violation of 15 U.S.C.A. § 1125(a)).

In making its case for certiorari, Contessa relies on the current version of section 35(a) of the Lanham Act, claiming the circuits disagree whether the current version requires proof of willfulness before a defendant may be ordered to disgorge profits for violating 15 U.S.C.A. § 1125(a). Pet. Writ Cert. 8-13. But the current version does not apply to this case.

Legislation is considered retroactive if it changes the legal consequences of acts that were completed before the law's effective date. *Miller v. Florida*, 482 U.S. 423, 430 (1987). Courts always presume that legislation is *not* retroactive:

> [T]he presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic. Elementary considerations of fairness dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted. For that reason, the "principle that the legal effect of conduct should ordinarily be assessed under the law that existed when the conduct took place has timeless and universal appeal."

Landgraf v. USI Film Prods., 511 U.S. 244, 265 (1994) (footnotes omitted) (quoting *Kaiser Aluminum & Chem. Corp. v. Bonjorno*, 494 U.S. 827, 855 (1990)).

Nothing in the legislation enacting the 1999 amendments to section 35(a) of the Lanham Act suggests they were intended to apply retroactively. Nor does Contessa argue the amendments should apply retroactively.

At issue in this case is conduct by Berdex and Coast that occurred in 1997 and 1998. That conduct was governed by the version of section 35(a) in effect in 1997 and 1998. Contessa's reliance on the post-1999 version of the statute is misplaced.

Any perceived conflict in the decisions construing the pre- and post-1999 versions of the statute is a false conflict, explainable by the 1999 change in the statutory language.

C. There is no conflict in the cases that have construed the current version of section 35(a) of the Lanham Act.

Two circuit courts of appeals have decided the issue whether willfulness is a prerequisite for an award of profits under the current version of section 35(a) of the Lanham Act – and their decisions are consistent.

In *Quick Technologies, Inc. v. Sage Group PLC*, 313 F.3d 338, 349 (5th Cir. 2002), the Fifth Circuit "decline[d] to adopt a bright-line rule in which a showing of willful infringement is a prerequisite to an accounting of profits." The court relied on the 1999 amendments to section 35(a), noting that "the decisions of our sister circuits are of limited utility to the decision we are faced with today" because before the 1999 amendments the statute contained no references to "willful." *Id.* at 348.

More recently, in *Banjo Buddies*, 399 F.3d at 175, the Third Circuit followed *Quick Technologies* and held that, in light of the 1999 amendments to the statute, proof of willfulness was no longer a prerequisite to an accounting of the infringer's profits. The court noted that its earlier decision to the contrary in *SecuraComm*, 166 F.3d 182, had been superseded by the 1999 amendments. 399 F.3d at 175; *see also Gucci America, Inc. v. Daffy's, Inc.*, 354 F.3d 228, 239-43 (3d Cir. 2003) (noting *Quick Technologies*' holding that 1999 amendment supersedes *SecuraComm*'s requirement of willfulness but not reaching issue).

Contessa cites *Tamko Roofing Prods., Inc. v. Ideal Roofing Co., Ltd.*, 282 F.3d 23 (1st Cir. 2002), another case postdating the 1999 amendments. But *Tamko* does not conflict with *Quick Technologies* or *Banjo Buddies*. In *Tamko*, the district court ordered an accounting of profits.

On appeal, the defendant argued an award of profits was not warranted. The appellate court rejected the defendant's argument because the jury found willful infringement and the infringing product directly competed with the trademarked product. *Id.* at 36-37. The court specifically stated it was *not reaching* the issue whether willfulness is a prerequisite for an award of profits. *Id.* at 36. In dictum, it cited *SecuraComm*, 166 F.3d at 190, for the proposition that "when the rationale for an award of defendant's profits is to deter some egregious conduct, willfulness is required." *Tamko*, 282 F.2d at 36 n.11. But, as noted, the *Banjo Buddies* court later determined *SecuraComm* has been superseded by the 1999 Lanham Act amendments. *Banjo Buddies*, 399 F.3d at 175. The *Tamko* court did not discuss the 1999 amendments.

Nor does the Ninth Circuit's decision in the present case create a conflict among the circuits. First, it is unpublished and therefore cannot be cited or relied on in the Ninth Circuit. 9th Cir. R. 36-3. Second, the decision states and applies the rule articulated in *Lindy*, which applied to events that occurred in 1997 and 1998. The Ninth Circuit did not purport to construe or apply the current version of section 35(a) of the Lanham Act. Under these circumstances, the decision will have no effect on current law pertaining to disgorgement of profits for trademark infringement.

In short, there is no conflict in the decisions interpreting the current version of section 35(a) of the Lanham Act and thus no reason for this Court to consider the statute's meaning.

D. Contessa overstates the supposed conflict in the cases that construed the pre-1999 version of section 35(a) of the Lanham Act. In any event, a decision by this Court construing the pre-1999 version of the statute would be of mere historical interest.

The decisions of the courts of appeals under former section 35(a) of the Lanham Act reflected a range of views on what the "principles of equity" required to justify an award of profits. As noted above, however, most courts held that at least willfulness was required. *SecuraComm*, 166 F.3d at 190 ("a plaintiff must prove that an infringer acted willfully before the infringer's profits are recoverable"); *Bishop*, 154 F.3d at 1223; *George Basch*, 968 F.2d at 1534 ("we hold that in order to justify an award of profits, a plaintiff must establish that the defendant engaged in willful deception"); *ALPO Petfoods*, 913 F.2d at 968 ("an award based on a defendant's profits requires proof that the defendant acted willfully or in bad faith"); *Lindy*, 982 F.2d at 1405 (an accounting of profits is appropriate "where the infringement is 'willfully calculated to exploit the advantage of an established mark.'") (quoting *Playboy Enters., Inc. v. Baccard Clothing Co., Inc.*, 692 F.2d 1272, 1274 (9th Cir. 1982)).

Among the pre-1999 cases Contessa cites that supposedly did not require proof of willfulness are *Roulo v. Russ Berrie & Co., Inc.*, 886 F.2d 931 (7th Cir. 1989) and *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595 (6th Cir. 1991). The *Roulo* court stated that the Lanham Act had "no express requirement that the parties be in direct competition or that the infringer wilfully infringe the trade dress to justify an award of profits." *Roulo*, 886 F.2d at 941. But it affirmed the trial court's instruction that an

award of profits was appropriate "[g]iven the evidence of *intentional imitation* and the substantial similarity between the two [products]. . . ." *Id.* (emphasis added).

The *Wynn* court quoted the *Roulo* court's statement that there was no express requirement of willfulness or direct competition. *Wynn*, 943 F.2d at 606-07. But contrary to Contessa's suggestion, Pet. Writ Cert. 12, whether willfulness was a prerequisite to an award of profits was not at issue in *Wynn*. The trial court had found that the infringement was willful, a finding that the appellate court determined was not clearly erroneous. *Wynn*, 943 F.2d at 604-05.

Contessa also cites the pre-1999 decision in *Burger King*, 855 F.2d at 781, for the proposition that willfulness is not a prerequisite for an award of profits. Pet. Writ Cert. 12. But the *Burger King* court did not discuss whether "willfulness" is a prerequisite. Instead, it held that a defendant who is "purposely using the trademark" may be subject to disgorgement of profits, but no showing of bad faith is required. *Burger King*, 855 F.2d at 781.

While the courts interpreting the pre-1999 version of section 35(a) differed to some extent on the *degree* of willfulness necessary to support an award of profits, none held that a defendant who was ignorant of the infringement (which is the case here) could be compelled to disgorge profits. Accordingly, certiorari is not warranted by any supposed conflict among the circuits construing the pre-1999 version of section 35(a).

In any event, little purpose would be served by this Court addressing a perceived conflict in the cases construing an outdated version of the statute, the current version of which has been uniformly interpreted by the courts of

appeal. The pre-1999 version of the statute has little or no current legal significance since it applies only to conduct that occurred more than six years ago. This Court's opinion on the subject would be a matter of mere historical interest.

E. The district court's grant of summary judgment was correct on the alternative ground that there was no basis in equity for an award of profits.

The Ninth Circuit's decision affirming the judgment was correct. The district court correctly granted summary judgment because, setting aside any willfulness requirement, the facts did not support an award of defendants' profits. Indeed, the court would have erred had it ordered disgorgement of profits.

The courts of appeals "have articulated three justifications for awarding to plaintiff an accounting of the defendant's profits: (1) as a rough measure of the harm to plaintiff; (2) to avoid unjust enrichment of the defendant; or (3) if necessary to protect the plaintiff by deterring a willful infringer from further infringement." *Tamko*, 282 F.3d at 36; *see Estate of Bishop v. Equinox Int'l Corp.*, 256 F.3d 1050, 1054 (10th Cir. 2001); *Minn. Pet Breeders, Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1247 (8th Cir. 1994); *George Basch*, 968 F.2d at 1537. The facts here do not support an award of profits under any of the three justifications.

The first justification, that the defendant's profits roughly measure the harm to the plaintiff, requires that the plaintiff have suffered harm. *Lindy*, 982 F.2d at 1408. Here, the district court granted Berdex and Coast summary

judgment on Contessa's claim for damages because Contessa could not establish the fact of injury. 4 CA ER 950. Contessa did not challenge the court's ruling on appeal. Since Contessa could prove no harm from the alleged infringement, an award of profits would not serve a compensatory purpose.

The rationale behind the second justification, that an award of profits may prevent unjust enrichment of the defendant, is that "the infringer has taken the plaintiff's property as represented by his trade-mark and has utilized this property in making a profit, and that if permitted to retain the profit, the infringer would be unjustly enriched." *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 121 (9th Cir. 1968). Accordingly, for the second justification to apply, the defendant must have used the trademark to make a profit. Here, however, the record contains "unchallenged evidence that Lockpur's choice of packaging did not affect the purchasing decisions of Defendants' customers." Pet. App. 36a. Thus, whatever profits Berdex and Coast made from the sale of infringing packaging cannot be attributed to the packaging itself, and Berdex and Coast were not unjustly enriched. *See Tex. Pig Stands, Inc. v. Hard Rock Cafe Int'l, Inc.*, 951 F.2d 684, 696 (5th Cir. 1992) (holding that accounting of profits was not justified by unjust enrichment theory where the defendant "'would have sold just as many pig sandwiches by any other name' and that 'there is no basis for inferring that any of the profits received by [Hard Rock] from the sale of pig sandwiches are attributable to infringement'").

The third justification, deterrence, does not support an award of profits here because the district court found – and the Ninth Circuit agreed – there was nothing to deter. In affirming the district court's denial of a permanent

injunction, the Ninth Circuit explained the district court "did not abuse its discretion in concluding . . . that where Defendants had permanently terminated business relations with Lockpur and had neither commercial interest nor motivation to use the allegedly infringing Image, there was not a reasonable likelihood that any allegedly infringing behavior would recur." Pet. App. 7a.

Thus, setting aside willfulness, the district court's judgment and the Ninth Circuit's decision were correct on the alternative ground that no justification exists for an award of profits to Contessa. Accordingly, a writ of certiorari is not warranted.

II. CONTESSA HAS NEVER EXPLAINED WHY THIS COURT'S DECISION IN *METRO-GOLDWYN-MAYER STUDIOS INC. V. GROKSTER, LTD.* REQUIRES THAT THIS CASE BE REMANDED FOR RECONSIDERATION.

Contessa suggests that this Court consider remanding this case for further consideration of the copyright infringement issue in light of the Court's decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005). Because the Court had yet to file its opinion in *Grokster* by the time Contessa filed its petition, Contessa assured the Court and respondents it would "supplement its petition as appropriate when the opinion in *Grokster* is handed down." Pet. Writ Cert. 24.

The opinion in *Grokster* was handed down on June 27, 2005, but Contessa has yet to file any supplemental briefing. Since Contessa has offered no explanation or argument why *Grokster* supports a grant of certiorari in

this case, Contessa's petition on this ground should be denied.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

Respectfully submitted,

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No. 04-1693

IN THE
Supreme Court of the United States

CONTESSA PREMIUM FOODS, INC.,
Petitioner,

vs.

BERDEX SEAFOOD, INC., *ET AL.*,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

MOTION OF INTERNATIONAL TRADEMARK ASSOCIATION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER AND BRIEF OF *AMICUS CURIAE* INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF PETITIONER

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Pursuant to Supreme Court Rule 37.2(b), the International Trademark Association ("INTA") moves for leave to file the attached Brief *Amicus Curiae* in support of the Petition for Certiorari. Counsel for Petitioner Contessa Premium Foods, Inc. and all respondents but one have consented or stated no objection to the filing of INTA's brief. Specifically, Respondent Fishery Products International Ltd. has withheld consent, and Mazetta Co. LLC, Hanwa American Corporation, and Admiralty Island Fisheries, Inc. have indicated that they do not object to INTA's filing.[1] Copies of the

[1] Consistent with footnote five in the petition, which identifies only Fishery Products Int'l, Inc., Berdex Seafood, Inc., and Coast to Coast

consent letters have been filed with the Clerk of the Court concurrently with this motion.

INTA requests leave to file the attached Brief *Amicus Curiae* because the issue presented by the petition concerns an aspect of trademark law of importance to INTA's membership – the standard for the recovery of a trademark infringer's profits. Although the availability of monetary remedies to trademark owners is governed by section 35 of the Lanham Act, 15 U.S.C. § 1117, a three-way split has evolved among the Circuit Courts of Appeal on whether a plaintiff must prove willful infringement as a prerequisite to recovering an infringer's profits from the sale of goods bearing an infringing mark. This split in authority directly affects INTA's membership by depriving trademark owners of the nationwide, uniform rights that the Lanham Act was designed to guarantee.

INTA is a not-for-profit organization whose more than 4,300 members have a special interest in trademarks. These members include trademark owners, law firms, advertising agencies, package design firms, and professional associations from the United States and 170 other countries. All share the goals of emphasizing the importance of trademarks and trademark protection, and of promoting an understanding of the essential role trademarks play in fostering informed decisions by consumers, effective commerce, and fair competition.

INTA members frequently are participants in trademark litigation, and therefore are interested in the development of clear and consistent principles of trademark and unfair competition law. INTA has substantial expertise in trademark law and, as set forth in the attached brief, has selectively participated as an amicus curiae in cases involving significant trademark issues.

In keeping with INTA's interest in promoting national uniformity in the application of federal trademark law, INTA's brief requests that the Court resolve a three-way split

Seafood as the only respondents with an interest in the petition, counsel for Sea Port Products Corp. has informed INTA that Sea Port is not a party to the petition for certiorari.

in authority among the Circuit Courts of Appeal on whether a trademark owner must first prove willful infringement as a prerequisite to recovering a trademark infringer's profits. This split frustrates Congress's purpose of providing uniform, nationwide rights for owners of federally-registered trademarks when it enacted the Lanham Act in 1946. Uniform rights are particularly important to INTA's membership in a marketplace increasingly characterized by brands with national and global reach.

The current split in authority also exposes INTA's membership to forum shopping. Owners of federally-registered trademarks have an incentive to bring infringement suits in circuits that do not require trademark holders to prove willful infringement as a prerequisite to the recovery of an infringer's ill-gotten profits. Similarly, parties that have been accused of trademark infringement – but have not yet been sued – have an incentive to file declaratory relief actions in those circuits that require trademark holders to clear the high evidentiary bar of proving willful infringement before a court may consider whether to force the infringer to disgorge its profits. This Court's announcement of a clear, uniform standard as to the relevance of willfulness to the disgorgement of profits in a trademark case is the most effective way to solve this problem.

For these reasons, INTA respectfully requests leave to file the attached brief, and urges this Court to grant the petition for certiorari and restore national uniformity to federal trademark law on this important issue.

Respectfully submitted,

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INTRODUCTION

With this Court's leave, pursuant to Supreme Court Rule 37.2(b),[1] *amicus curiae* International Trademark Association ("INTA"), respectfully submits this brief in support of the petition for certiorari.

INTA requests the Court to resolve a long-standing split among the Circuit Courts of Appeal on whether a trademark owner must prove willful infringement as a prerequisite to recovering the trademark infringer's profits from the sale of goods bearing the infringing mark. INTA does not, in this brief, recommend a particular resolution to the split in authority.[2] Rather, it advocates that the Court take the opportunity that this case presents to grant certiorari to resolve the split in the Circuits and restore the national uniformity to federal trademark law that Congress intended to create in enacting the Lanham Act in 1946.

INTEREST OF *AMICUS CURIAE*

INTA is a not-for-profit organization whose more than 4,300 members have a special interest in trademarks. They include trademark owners, law firms, advertising agencies, package design firms, and professional associations from the United States and 170 other countries. All share the goals of emphasizing the importance of trademarks and trademark protection, and of promoting an understanding of the essential role trademarks play in fostering informed decisions by consumers, effective commerce, and fair competition. INTA members frequently are participants in trademark litigation, and therefore are interested in the development of clear and

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[1] All but one of the parties with an interest in the petition has either affirmatively consented to INTA's filing of this Brief or has indicated that it does not object. The consenting parties' letters of consent have been filed concurrently with this brief. No party to this case authored any part of this brief. No person or entity other than *amicus* or its counsel has made any monetary or other contribution to its preparation or submission.

[2] Should the Court grant certiorari, INTA will seek the consent of the parties to file an *amicus curiae* brief on the merits.

consistent principles of trademark and unfair competition law. INTA has substantial expertise in trademark law and has selectively participated as an *amicus curiae* in cases involving significant trademark issues.[3]

INTA was founded in 1878 as the United States Trademark Association, in part to encourage the enactment of federal trademark legislation after the invalidation on constitutional grounds of this country's first trademark act. Since that time, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with federal trademark legislation, including the particular statutory revision that has exacerbated the split in the Circuit Courts of Appeal identified by the petition. *See* Pub. L. No. 106-43, § 3(b), 113 Stat. 219 (1999).

SUMMARY OF ARGUMENT

INTA submits this Brief *Amicus Curiae* to request that the Court resolve a long-standing split in authority among the Circuit Courts of Appeal on whether a trademark owner must first prove willful infringement as a prerequisite to re-

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[3] Cases in which INTA has filed *amicus* briefs include: *KP Permanent Make-Up, Inc. v. Lasting Impression I Inc.*, 125 S. Ct. 542 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627 (1999); *Dickinson v. Zurko*, 527 U.S. 150 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); *WarnerVision Entm't Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259 (2d Cir. 1996); *Preferred Risk Mut. Ins. Co. v. United States*, 86 F.3d 789 (8th Cir. 1996); *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994); *Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801 (Fed. Cir. 1984); *Anti-Monopoly, Inc. v. Gen. Mills Fun Group*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 459 U.S. 1227 (1983); *In re Borden, Inc.*, 92 F.T.C. 669 (1978), *aff'd sub nom. Borden, Inc. v. Fed. Trade Comm'n*, 674 F.2d 498 (6th Cir. 1982), *vacated and remanded*, 461 U.S. 940 (1983); *Redd v. Shell Oil Co.*, 524 F.2d 1054 (10th Cir. 1975); *Century 21 Real Estate Corp. v. Nev. Real Estate Advisory Comm'n*, 448 F. Supp. 1237 (D. Nev. 1978), *aff'd*, 440 U.S. 941 (1979).

covering a trademark infringer's profits from the sale of goods bearing the infringing mark.

The Lanham Act, codified at 15 U.S.C. § 1051 *et seq.*, was enacted by Congress in 1946 to provide uniform, nationwide rights for owners of trademarks, service marks, collective marks, and certification marks,[4] thousands of whom are members of INTA. Further to that purpose, Congress codified in the Lanham Act the monetary remedies available to mark owners against infringers in what is now 15 U.S.C. § 1117(a) (2000). Just as the Lanham Act should guarantee mark owners uniform, nationwide rights against junior users, it should also guarantee a uniform standard for the recovery of monetary remedies, including defendant's profits.

This purpose is frustrated by the current, fractured state of the law regarding the standards for the recovery of an infringer's profits. Today, mark owners have an incentive to bring infringement suits in circuits that do not require proof of willful infringement as a prerequisite to the recovery of an infringer's ill-gotten profits. Similarly, parties that have been accused of trademark infringement – but have not yet been sued – have an incentive to file declaratory relief actions in those circuits that require mark owners to clear the high evidentiary bar of proving willful infringement before a court may consider whether to force the infringer to disgorge its profits. This inconsistency in the application of the same statutory language in 15 U.S.C. § 1117(a) undermines the predictability and uniformity that the Lanham Act should provide.

[4] Consistent with the convention adopted by the Lanham Act, this brief refers to these designations collectively as "trademarks" or "marks."

ARGUMENT

I. There Is a Clear Split in the Circuits on the Relevance of an Infringer's Willfulness to the Availability of Defendant's Profits as a Remedy for Trademark Infringement

The availability of monetary remedies to mark owners, including disgorgement of an infringer's profits from sales of goods bearing the infringing mark, is governed by section 35 of the Lanham Act. That section provides, in part:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) [15 USC §1125(a) or (d)], or a willful violation under section 43(c) [15 USC § 1125(c)], shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 [15 USC §§ 1111, 1114], and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction.

15 U.S.C. § 1117(a). Despite the codification of remedies for trademark infringement, the courts' interpretation of section 35(a) is fractured and conflicting. *See generally* Bryan M. Otake, *The Continuing Viability of the Deterrence Rationale In Trademark Infringement Accountings*, 5 UCLA ENT. L. REV. 221, 231 (1998) (noting that "[d]ecisional precedent is mixed and discordant" in discussing the varying standards applied by courts in deciding when a disgorgement of an infringer's profits is appropriate).

As discussed at length in petitioners' brief, there is a three-way split among the Circuit Courts of Appeal on the relevance of whether a defendant willfully infringed the plaintiff's mark to the availability of a disgorgement of the infringer's profits as a remedy. Petitioners' explication of this three-way split is comprehensive, and INTA will not

burden this Court by repeating Petitioners' analysis.[5] The split can be summarized as follows:

1. The Third, Fifth, Seventh and Eleventh Circuits interpret section 35(a) of the Lanham Act *not* to require a showing of willfulness as a prerequisite to the disgorgement of an infringer's profits from the sale of infringing goods. Although willfulness is a factor that the Court may consider in deciding whether to award defendant's profits, it is not a requirement. *See, e.g., Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 174 (3d Cir. 2005) (willfulness is not a prerequisite to an award of infringer's profits); *Quick Techs., Inc., v. Sage Group plc*, 313 F.3d 338, 349 (5th Cir. 2002) ("[W]e decline to adopt a bright-line rule in which a showing of willful infringement is a prerequisite to an accounting of profits."); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989) ("[T]here is no express requirement . . . that the in-

[5] The law in the First and Sixth Circuits on this issue is not as crystallized as Petitioners' brief implies. The Sixth Circuit case, *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 607 (6th Cir. 1991), cited by petitioners for the proposition that that circuit does not require proof of willfulness for recovery of a defendant's profits, makes that statement only in dicta, which cited with approval the Seventh Circuit's rule that willfulness is not required. (citing *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989)). Nevertheless, the dispute in *Wynn Oil* was whether the plaintiff was required to prove actual confusion to recover the defendant's profits, and the court cited the Seventh Circuit rule for the proposition that no such showing was required. Because the trial court had found willful infringement, and the Sixth Circuit affirmed that finding, the Sixth Circuit did not address whether willfulness was required for a disgorgement of profits in its holding. In an earlier decision, *Frisch's Rests., Inc. v. Elby's Big Boy*, 849 F.2d 1012, 1016 (6th Cir. 1988), the Sixth Circuit held that a plaintiff *is* required to prove willful infringement before it may recover an infringer's profits. The Sixth Circuit made no effort to distinguish its earlier holding in *Frisch's*.

It also is not clear that the First Circuit requires proof of willfulness for disgorgement of profits if the trademark owner and trademark infringer are not in direct competition. In *Tamko Roofing Prods., Inc.* v. *Ideal Roofing Co. Ltd.*, 282 F.3d 23, 36 (1st Cir. 2002), cited by Petitioners, the First Circuit expressly declined to decide whether willfulness is required in such circumstances. *See id.* at 29. Because willfulness had been established in the trial court, the Court of Appeals did not need to address the issue. *See id.*

fringer willfully infringe . . . to justify an award of profits."); *Burger King Corp. v. Mason*, 855 F.2d 779, 783 (11th Cir. 1988) ("Nor is an award of profits based on either unjust enrichment or deterrence dependent upon a higher showing of culpability on the part of the defendant. . . ."). The Third Circuit in particular has held that Congress' 1999 amendment to 15 U.S.C. § 1117, which added the *express* requirement that the owner of a famous mark prove willfulness to recover monetary relief for dilution under 15 U.S.C. § 1125(c), established that proof of willfulness is *not* required for recovery of a defendant's profits for trademark infringement under 15 U.S.C. § 1125(a). *See Banjo Buddies*, 399 F.3d at 174.

2. In contrast, the Second, Tenth and D.C. Circuits require a trademark owner to prove that the defendant willfully infringed its mark in all circumstances. In those circuits, proof of willfulness is a prerequisite to the recovery of profits, not just one factor for the court to consider. *See, e.g., Bishop* v. *Equinox Int'l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998) ("[A]n award of profits requires a showing that defendant's actions were willful or in bad faith."); *Banff, Ltd. v. Colberts, Inc.*, 996 F.2d 33, 35 (2d Cir. 1993); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 968 (D.C. Cir. 1990). In these circuits, only after the trademark owner establishes willful infringement may the court consider other equities in deciding whether to order an accounting of defendant's profits.

3. Finally, the Ninth Circuit appears to employ a hybrid standard for the disgorgement of an infringer's profits. That circuit permits a trademark owner to seek a disgorgement of the infringer's profits, without first proving willful infringement, where the trademark owner and infringer are in direct competition, and the infringer's profits are used as an approximation of the trademark owner's actual monetary losses caused by the infringement. *See, e.g., Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993).[6] If the par-

[6] It is not clear from the opinion of the Court of Appeals in this case whether petitioners claimed any actual losses to the three respondents for

ties market non-competing products, or where they do not compete in the same geographical regions, the trademark owner must prove willful infringement as a prerequisite to recovery of the infringer's profits from its sales of the infringing goods. The First Circuit has not yet expressly ruled on whether a successful plaintiff is entitled to a disgorgement of the defendant's profits where the two parties were not in direct competition. *See Tamko Roofing Prods.*, 282 F.3d at 29 (declining to decide whether willfulness is required in such circumstances).

This split requires resolution by this Court. In fact, this case presents an opportunity for this Court to address the remedies available to trademark owners under the Lanham Act for the first time since 1967. *See Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967) (holding that the Lanham Act, as then written, did not permit the award of attorneys fees). All of the trademark cases that the Court has reviewed in recent decades have addressed substantive rights of trademark owners, rather than the remedies available to them for infringement. *See, e.g., KP Permanent Make-Up, Inc. v. Lasting Impression I Inc.*, 125 S. Ct. 542 (2004) (holding that accused trademark infringer does not have the burden of proving absence of confusion to prevail on a fair use defense); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) (holding that colors may be subject to trademark protection); *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985) (incontestable mark may not be challenged as merely descriptive).[7]

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whom there was some evidence of distribution of products bearing an infringing mark.

[7] One of the issues raised in the petition for a writ of certiorari in *Dastar Corp. v. Twentieth Century Fox Film Corp.* was whether a court, applying the Lanham Act, could award twice a defendant's profits for deterrent purposes. 539 U.S. 23, 25 (2003). The Court's opinion did not reach that issue, as it found that the plaintiff's claim for false designation of origin failed on the merits. *Id.* at 38.

II. The Court Should Grant Certiorari to Restore Uniformity to Federal Trademark Law

The current split in authority runs counter to Congress' purpose of providing uniform, nationwide rights to trademark owners when it passed the Lanham Act in 1946. Congress designed the Lanham Act to provide a robust and consistent, national scheme of protection for trademarks, to "secur[e] to the [trademark] owner the good will of his business and protect[] the public against spurious and falsely marked goods." S. Rep. No. 79-1333 (1946), *as reprinted in* 1946 U.S.C.C.A.N. 1274, 1274-75. As it became clear in the post-war era that "trade [in the United States] is no longer local, but is national," protection of trademarks could no longer be provided by the inconsistent amalgam of state law protections. *Id.* at 1277. As a result, "a sound public policy require[d] that trademarks should receive nationally the greatest protection that can be given them." *Id.* The Senate Committee on Patents described this purpose as follows:

> The purpose of this bill is *to place all matters relating to trademarks in one statute* and to *eliminate judicial obscurity*, to simplify registration and to make it stronger and more liberal, to dispense with mere technical prohibitions and arbitrary provisions, to make procedure simple, and relief against infringement prompt and effective.

Id. at 1274 (emphasis added).

Despite the current split in the circuits on the standard for recovering an infringer's profits, courts have recognized that Congress' purpose in federalizing trademark law in the Lanham Act was to create uniform, nationwide rights for a national economy. Not long after the Lanham Act's passage, Judge Learned Hand recognized that it "put federal trademark law upon a new footing . . . and created rights uniform throughout the Union, in the interpretation of which we are not limited by local law." *S. C. Johnson & Son, Inc. v. Johnson*, 175 F.2d 176, 178 (2d Cir. 1949).

More recently, this Court acknowledged Congress's goals by noting that "[n]ational protection of trademarks is desirable . . . because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U.S. at 198; *see also Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 781-82 (1992) (Stevens, J., concurring) ("'The purpose of [the Lanham Act] is to protect legitimate business and the consumers of the country,' [and] [o]ne way of accomplishing these dual goals was by creating uniform legal rights and remedies that were appropriate for a national economy." (citation omitted)); *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring) (noting purpose of the Lanham Act to "codify and unify" the common law of trademark protection).

When conflicting interpretations of the Lanham Act among the Circuit Courts of Appeal have matured in the past, this Court has granted certiorari to restore uniformity to the law. Most recently, in its decision in *KP Permanent Make-Up*, 125 S. Ct. 542 (2004), the Court noted that it granted certiorari "to address a disagreement among the Courts of Appeals on the significance of likely confusion for a fair use defense to a trademark infringement claim, and the obligation of a party defending on that ground to show that its use is unlikely to cause consumer confusion." *See id.* at 548; *see also Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003) (granting certiorari "because other Circuits have also expressed differing views about the 'actual harm' issue" under the Federal Trademark Dilution Act); *Qualitex Prods.*, 514 U.S. at 161 (noting that the Court granted certiorari because "[t]he courts of appeals have differed as to whether or not the law recognizes the use of color alone as a trademark").

Uniform rights are particularly important in a marketplace increasingly characterized by brands with national and global reach. The current fractured state of the law frustrates Congress' purpose, and the Court should take the opportunity that this case presents to resolve the split in the circuits and restore uniformity to the law.

III. Resolution of the Split Will Discourage Forum Shopping

In addition to frustrating nationwide uniformity to trademark law, the present circuit split also encourages forum shopping. The variation in standards for recovery across the circuits provides both trademark owners and accused infringers a strong motive to file suit in jurisdictions with a standard for the recovery of profits under 15 U.S.C. § 1117(a) that is favorable to their particular position. Specifically, plaintiffs have an incentive to seek relief in circuits that allow recovery absent proof of willfulness, while prospective defendants may seek declaratory judgments in circuits that impose more exacting standards for recovery.

This Court has consistently recognized the prevention of forum shopping as necessary both to effectuate the will of the legislature and to secure equity and efficiency in the judiciary. *See, e.g., Rumsfeld v. Padilla*, 124 S. Ct. 2711, 2725 (2004) (finding that the requirement that habeas petitioners challenging physical custody must file in the district of confinement "serves the important purpose of preventing forum shopping"); *Southland Corp. v. Keating*, 465 U.S. 1, 15 (1984) (interpreting the Federal Arbitration Act so as to avoid encouraging forum shopping); *Walker v. Armco Steel Corp.*, 446 U.S. 740, 745 (1980) (describing forum shopping as an "undesirable result[]"); *Hanna v. Plumer*, 380 U.S. 460, 468 (1965) (describing "discouragement of forum-shopping" as one of the twin aims of *Erie R.R. v. Tompkins*, 304 U.S. 64 (U.S. 1938)).

In the trademark context, the Court's resolution of the circuit split in *Qualitex* eliminated opportunities for forum shopping that existed for owners of color trademarks. Before *Qualitex*, the threat of forum shopping loomed heavily over trademark protection in color alone. *See* Craig Summerfield, *Color As A Trademark And The Mere Color Rule: The Circuit Split For Color Alone*, 68 CHI.-KENT. L. REV. 973, 978 (1993) (explaining that the split between the Ninth and Seventh Circuits "[would] undoubtedly lead to forum shop-

ping due to the major difference in substantive rights"). *Qualitex* clarified the potential trademark status of individual colors and reduced potential forum shopping.

The Court's condemnation of forum shopping is well-founded. Permitting parties possibly to affect the substantive outcome of infringement and unfair competition litigation by selecting the forum with the standard for liability for profits that is most favorable to their position results in uncertain rights and obligations, and compromises the courts' ability to render like judgments under like facts. Under the current state of the law, a trademark owner may be entitled to a disgorgement of a defendant's profits in one circuit, but may not be entitled to the same remedy in a different circuit on identical facts.

Inconsistent standards among the Courts of Appeals have created uncertainty that is likely to bring about forum shopping. This Court's announcement of a clear, uniform standard as to the relevance of willfulness to the disgorgement of profits in a trademark case is the most effective way to solve this problem.

CONCLUSION

Accordingly, INTA requests this Court to grant the petition for certiorari and restore national uniformity to federal trademark law on this important issue.

Respectfully submitted,

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Contessa Premium Foods, Inc.,
Petitioner,

v.

Berdex Seafood, Inc., et al.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

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REPLY BRIEF FOR THE PETITIONER

Respondents acknowledge that there is a division among the courts of appeals over whether willfulness is a prerequisite to an award of profits for a violation of Section 43(a) of the Lanham Act. See Berdex BIO 12, 16; IFP BIO 9. Moreover, respondents do not seriously contest that the question is important, as demonstrated in the *amicus* brief of the International Trademark Association. Instead, respondents' principal argument against certiorari is that a 1999 amendment to the Lanham Act does not apply to this case, rendering the case a poor vehicle for construing the statute as currently enacted. See Berdex BIO 11-13; IFP BIO 4-6. This argument founders on its premise: the 1999 amendment did not change the meaning of the Lanham Act. The 1999 amendment was merely a technical change to revise the Act's remedies provision to reflect changes that had been made to the statute by the Federal Trademark Dilution Act of 1996, changes that were already in effect when the alleged infringement in this case took place. See Pub. L. No. 104-98, 109 Stat. 985 (1996). Because this and the other objections respondents raise against the petition are meritless, certiorari on the first question presented should be granted.[1]

1. Respondents fundamentally misconstrue the significance of the 1999 amendment to petitioner's argument and to the meaning of the Lanham Act.

a. Since 1988, Section 35(a) of the Lanham Act has authorized an award of profits, subject to principles of equity, in the case of "a violation under section 43(a)." Pub. L. No. 100-667, Title I, § 129, 102 Stat. 3945 (1988). That

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[1] As discussed *infra*, petitioner no longer seeks review of the copyright issue addressed in the second question presented. As a result, petitioner does not seek review of the judgment below as it applies to respondents Hanwa American Corp., Slade Gorton & Co., Inc., Mazzetta Company, L.L.C., Sea Port Products, or Admiralty Island Fisheries.

language, which governs the award of profits sought in this case, has never been modified. However, in 1996 Congress amended the statute to permit awards of profits for willful dilution of famous marks. The Dilution Act of 1995 added to the statute Section 43(c), part of which provided that

> [i]n an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. *If such willful intent is proven*, the owner of the famous mark *shall also be entitled to the remedies set forth in sections 35(a)* and 36, subject to the discretion of the court and the principles of equity.

Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996) (enacting 15 U.S.C. 1125(c)) (emphasis added). Accordingly, as of 1996, the Act distinguished between the criteria for an award of profits for a violation of Section 43(a) and the criteria for an award for violations of Section 43(c), explicitly requiring willfulness only for dilution claims.

Congress failed, however, to amend Section 35(a) to reflect this new authorization for profit awards in cases of willful dilution. The 1999 Amendment rectified this oversight. See Pub. L. No. 106-43, § 3(b), 113 Stat. 219 (1999); H.R. Rep. No. 106-250, at 6 (1999) (noting that the "language of the Dilution Act presented to the President for signing did not include the necessary changes to section[] 35(a)" and that the 1999 amendment to Section 35(a) was therefore "an attempt to clarify Congress' intent and to avoid any confusion by courts trying to interpret the statute * * *.").

b. Respondents argue that certiorari should be denied because petitioner's claim depends upon the 1999 amendment to the Act – which, they argue, cannot be applied to this case because the alleged infringement occurred in 1997 and 1998. See Berdex BIO 13 (citing *Landgraf* v. *USI Film Prods.*, 511

U.S. 244 (1994)); IFP BIO 5-6 (same). That argument fails for two reasons.

First, *Landgraf* has no application to this case. Petitioner does not argue that the 1999 amendment itself authorizes the award of profits petitioner seeks. Neither the 1999 amendment nor the Dilution Act altered the language of the statute that directly governs petitioner's claims in this case. That language, authorizing an award of profits for "a violation of Section 43(a)," has been unchanged since 1988. The subsequent amendments relating to dilution claims simply shed indirect light on the meaning of parts of the statute that *do* apply directly to petitioner's claims. In fact, as petitioner described in its opening brief (Pet. 17-19), it has long been clear that Congress did not intend that courts impose a willfulness requirement or any other invariable prerequisite for an award of profits for violations of Section 43(a). For example, Section 35(a) has always included a proviso excluding an award of profits against those who innocently print infringing material. See 15 U.S.C. 1117(a) (cross-referencing 15 U.S.C. 1114). Respondents do not even attempt to explain why such an exception would have been necessary if the Act precluded profit awards in the absence of willful infringement as a general matter.

Because the 1999 amendment does no more than indirectly confirm the pre-existing meaning of the Act, the *Landgraf* presumption has no application. See, *e.g.*, *ABKCO Music, Inc.* v. *LaVere*, 217 F.3d 684, 689 (CA9 2000) ("We have long recognized that clarifying legislation is not subject to any presumption against retroactivity and is applied to all cases pending as of the date of its enactment * * * .").

Second, respondents' argument would fail even if the *Landgraf* analysis did apply. *Landgraf* makes clear that "a court is to apply the law in effect at the time it renders its decision," unless doing so would have an impermissible "retroactive effect" that Congress did not explicitly authorize. 511 U.S. at 264 (citation and internal quotation marks

omitted). A "statute does not operate 'retrospectively' merely because it is applied in a case arising from conduct antedating the statute's enactment, or upsets expectations based in prior law." *Id.* at 269 (citations omitted). "Rather, the court must ask whether the new provision attaches new legal consequences to events completed before its enactment." *Id.* at 269-70.

As described above, the 1999 amendment attached no new legal consequences to respondents' prior conduct. Indeed, the amendment effected no substantive change to the statute at all. It simply revised Section 35(a) to reflect the willfulness requirement for dilution claims that had existed in Section 43(c) since 1996, well before the infringement alleged in this case took place. Thus, respondents' rights, liabilities, and duties under the Lanham Act are exactly the same now as they were before the 1999 amendment. The amendment therefore had no "retroactive effect" under *Landgraf* and, as a result, properly applies to cases pending at the time of the revision. See *Landgraf*, 511 U.S. at 280.[2]

2. Respondents concede that, absent a distinction between pre- and post-1999 cases, there is at least a four-two split among the courts of appeals regarding whether willfulness is a prerequisite for an award of profits in a trademark infringement case. See Berdex BIO 12 (citing cases from the Second, Ninth, Tenth, and D.C. Circuits imposing willfulness requirement); *id.* 14 (acknowledging

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[2] Indeed, none of the respondents ever argued otherwise in the proceedings below. In fact, in their brief to the Ninth Circuit, respondents Berdex and Coast to Coast specifically cited the current version of the Act in arguing that their lack of willfulness precluded an award of profits. See Brief of Appellees Berdex Seafood, Inc. and Coast to Coast Seafood, Inc. 36 (citing "15 U.S.C.A. § 1117(a) (West 1998 & Supp. 2003)"). Respondents advanced this argument notwithstanding that, elsewhere in their brief, they contended that the current version of the Copyright Act did *not* apply to petitioner's claims under *that* Act. See *id.* 17-20.

that the Third and Fifth Circuits have rejected a willfulness prerequisite). Given that the 1999 amendment had no substantive effect, there is no reason to believe that the amendment will itself resolve the split. Indeed, during the six years since the passage of the 1999 amendment, only the Third Circuit has discarded its willfulness requirement. Courts in other circuits, however, continue to reaffirm their willfulness prerequisites despite the 1999 revision.[3] The very

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[3] **Second Circuit**: *Design Solange, Ltd.* v. *Lane Bryant, Inc.*, No. 99-7805, 2000 U.S. App. LEXIS 1857, at *3 (CA2 Feb. 3, 2000) (unpublished) (noting the "well-settled law of this Circuit regarding monetary recovery, which requires either a finding of 'wilful deception' (for an accounting of profits) or 'actual consumer confusion or deception' (to recover damages)"); *Int'l Star Class Yacht Racing Ass'n* v. *Tommy Hilfiger U.S.A.*, No. 99-7329, 2000 U.S. App. LEXIS 660, at *2 (CA2 Jan. 12, 2000) (unpublished) (reaffirming prior rejection of argument that willfulness is not a prerequisite); see also, *e.g.*, *Mastercard Int'l, Inc.* v. *First Nat'l Bank of Omaha, Inc.*, No. 02-3691, 2004 U.S. Dist. LEXIS 2485 (S.D.N.Y. Feb. 23, 2004) (acknowledging 1999 amendment and Fifth Circuit rejection of willfulness prerequisite but concluding amendment did not warrant reconsideration of Second Circuit precedent); *Pfizer, Inc.* v. *Y2K Shipping & Trading, Inc.*, No. 00-5304, 2004 U.S. Dist. LEXIS 10,426, at *34 (E.D.N.Y. Mar. 30, 2004) ("A finding of defendant's 'willful deceptiveness is a prerequisite for awarding profits' * * * ."); *Cartier, Inc.* v. *Four Star Jewelry Creations, Inc.*, 348 F. Supp. 2d 217, 253 (S.D.N.Y. 2004) ("A finding of willful conduct is a prerequisite for an award of profits."); *New Colt Holding Corp.* v. *RJG Holdings of Florida*, 312 F. Supp. 2d 195, 232 n.15 (D. Conn. 2004) ("[A] plaintiff must prove that an infringer acted with willful deception before the infringer's profits are recoverable by way of an accounting.") (quoting *George Basch Co.* v. *Blue Coral, Inc.*, 968 F.2d 1532, 1540 (CA2 1992)).

Ninth Circuit: *Kassbaum* v. *Steppenwolf Productions, Inc.*, 236 F.3d 487, 492 (CA9 2000) ("Actual consumer confusion is not required for profit recovery; it is sufficient to show a likelihood of confusion combined with willful infringement."); *Emco, Inc.* v.

fact that the conflict continues unabated belies respondents' claim that the 1999 amendment substantively changed the statute.

The split of authority is, in fact, even wider than respondents acknowledge. As the petition explains (at 10-11), the First and Ninth Circuits have adopted a unique hybrid rule. Moreover, the Third and Fifth Circuits are not alone in rejecting willfulness as a prerequisite to a profit award, finding company in the decisions of the Sixth, Seventh, and Eleventh Circuits. See Pet. 11-12.

Obst, No. 03-6432, 2004 U.S. Dist. LEXIS 12,118, at *10-*11 (C.D. Cal. May 7, 2004) ("In the absence of evidence that [plaintiff] was damaged, it can receive an award of [defendant's] profits only by showing that [defendant's] conduct was willful."); *Oyster Software, Inc.* v. *Forms Processing, Inc.*, No. 00-0724, 2001 U.S. Dist. LEXIS 22,520, at *21 (N.D. Cal. Dec. 6, 2001) ("Courts do not award an accounting unless there is some 'deliberate and wilful conduct.'") (citation omitted).

Tenth Circuit: See *Professional Bull Riders, Inc.* v. *Autozone, Inc.*, Nos. 03-1544, 04-1029, 2005 U.S. App. Lexis 17,262, at *12 (CA10 Aug. 15, 2005) (unpublished) (reaffirming that profit awards are available to "deter *willful* violations of the trademark laws" and rejecting defendant's contention that evidence demonstrated lack of willfulness) (emphasis added); *Estate of Bishop* v. *Equinox Int'l Corp.*, 256 F.3d 1050, 1054-55 (CA10 2001) (reaffirming willfulness requirement); *id.* at 1060 (Baldock, J., dissenting in part and concurring in part) (acknowledging circuit rule that "[a] finding of willfulness or bad faith is a prerequisite to an award of profits based on the deterrence theory of recovery," but disagreeing with majority's application of the rule); see also *Nutting* v. *Ram Southwest, Inc.*, 69 Fed. Appx. 454, 459 (CAFC 2003) (unpublished) ("[W]illfulness of [the defendant's] violation[] * * * is a prerequisite to the award of any profits at all under Tenth Circuit law."); *First Savings Bank* v. *U.S. Bancorp*, 117 F. Supp. 2d 1078, 1088 (D. Kan. 2000) ("A plaintiff may not recover the defendant's profits without showing the 'defendant's actions were willful or in bad faith.'") (citation omitted).

Some of the respondents take issue with petitioner's reading of some of the circuit precedent (see Berdex BIO 16-17), but their attempts to distinguish the cases cited by petitioner are unconvincing. For example, respondents Berdex and Coast to Coast argue (*ibid.*) that *Roulo* v. *Russ Berrie & Co., Inc.*, 886 F.2d 931, 941 (CA7 1989), did not decide whether willfulness was required, but rather affirmed a profit award in light of the district court's finding of willfulness. But the Seventh Circuit made clear that the willfulness in that case was simply an equitable factor supporting the award, not an absolute prerequisite. *Ibid.* Subsequent cases have applied the same rule. See, *e.g.*, *Sands, Taylor & Wood Co.* v. *Quaker Oats Co.*, 978 F.2d 947, 961 (CA7 1992) ("The Lanham Act specifically provides for the awarding of profits in the discretion of the judge subject only to principles of equity."); see also *ISP.NET.LLC* v. *Qwest Communs. Int'l, Inc.*, No. 01-0480, 2004 U.S. Dist. LEXIS 20,237, at *12 (D. Ind. Sept. 24, 2004) ("The Seventh Circuit view considers willfulness or bad faith as a factor in deciding whether to award damages or profits, but it does *not* require such as a condition precedent."); *Hot Wax, Inc.* v. *S/S Car Care*, No. 97-6879, 1999 U.S. Dist. LEXIS 16,444, at *24 (D. Ill. Oct. 14, 1999) ("The Seventh Circuit does not require a showing of willfulness in order to award defendant's profits as a remedy * * * .").[4]

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[4] Respondents Berdex and Coast to Coast also argue (at 17) that the Sixth Circuit's approving quotation of *Roulo* in *Wynn Oil Co.* v. *American Way Serv. Corp.*, 943 F.2d 595, 606-07 (1991), should not be read as adopting the Seventh Circuit's interpretation of the Act because the district court in *Wynn Oil* had found willfulness. Petitioner has not found any subsequent case clarifying the Sixth Circuit's position. *Amicus* International Trademark Association, however, points out (Br. 5 n.5) that the standard approved in *Wynn Oil* appears to conflict with the standard described in a prior case, *Frisch's Restaurants, Inc.* v. *Elby's Big Boy*, 849 F.2d 1012, 1015-16 (CA6 1988). This confusion within

Respondents Berdex and Coast to Coast also argue (at 17) that the Eleventh Circuit has not clearly rejected a willfulness prerequisite, asserting that the decision in *Burger King Corp.* v. *Mason*, 855 F.2d 779 (1988), simply rejected a requirement of "bad faith." But even if that court intended to make a distinction between "bad faith" and "willful" violations, its holding would still create a circuit conflict. See, *e.g.*, *Int'l Star Class Yacht Racing Ass'n.* v. *Tommy Hilfiger, U.S.A., Inc.*, 80 F.3d 749, 753 (CA2 1996) ("In order to recover an accounting of an infringer's profits, a plaintiff must prove that the infringer acted in bad faith."); *George Basch Co.* v. *Blue Coral, Inc.*, 968 F.2d 1532, 1534 (CA2 1992) ("The district court concluded that bad faith was not a necessary predicate for an accounting. We disagree.").

In the end, however, it makes little difference whether the circuit split is four-two or four-two-five or some other complex mix. There can be no denying that the courts are substantially divided and in need of guidance from this Court.

3. Respondents Berdex and Coast to Coast nonetheless argue that this Court should allow the division on this important question to remain unresolved because petitioner did not challenge the validity of the Ninth Circuit's willfulness prerequisite in the courts below. See Berdex BIO 8-10. That suggestion has no merit.

"Any issue 'pressed *or* passed upon below' by a federal court is subject to this Court's broad discretion over the questions it chooses to take on certiorari * * * ." *Verizon Communs., Inc.* v. *FCC*, 535 U.S. 467, 530 (2002) (emphasis added, citation omitted). The Ninth Circuit plainly passed upon the question below, and respondents do not contend otherwise. See Pet. App. 7a; Berdex BIO 5.

Petitioner's failure to challenge the willfulness requirement below was also perfectly understandable.

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the cases of the Sixth Circuit is yet a further reason to grant certiorari in this case.

Respondents do not dispute that the district court and Ninth Circuit panel were bound to apply the established willfulness requirement of *Lindy Pen*. In fact, respondents were insistent that both courts were bound to that standard. In light of this established precedent, petitioner cannot be faulted for attempting to bring its case within the law of the circuit rather than asking the lower courts to overrule or disregard it.

Nor did respondents suffer any prejudice from petitioner's acceptance of established circuit precedent below. Challenging circuit precedent would not have averted any of the litigation up to this point, since neither the district court nor the court of appeals panel had the authority to set aside the circuit's established rule. Respondents suggest that, had petitioner challenged the willfulness prerequisite, they would have argued in the alternative that no award was appropriate even if willfulness was not required. But respondents already had every incentive to raise such an argument because, as they acknowledge themselves (Berdex BIO 10), petitioner vigorously argued that any willfulness requirement was satisfied in this case by respondents' willful blindness to whether they were selling products in infringing packaging. Had petitioner prevailed on that argument, respondents would have been in precisely the same position they are in now.

4. Respondents Berdex and Coast to Coast also argue (at 18-20) that certiorari should be denied because they would ultimately prevail even if this Court rejected the willfulness prerequisite. Neither the Ninth Circuit nor the district court passed on that assertion, and petitioner obviously disagrees with respondents' conclusion on where the equities lie in this case (see Pet. 19-24). But that disagreement is ultimately immaterial. The possibility that respondents would prevail under the correct standard is no reason to decline to resolve the circuit split over what the standard ought to be. If willfulness is not required, respondents will have an opportunity to convince the district court that petitioner should be denied any relief as a matter of equitable discretion.

5. Finally, petitioner suggested in its petition that the Ninth Circuit's resolution of the copyright claims in this case might require reconsideration in light of the then-impending decision in *MGM Studios, Inc.* v. *Grokster Ltd.*, No. 04-480. The decision in *Grokster* has since been rendered. See *Grokster*, 125 S. Ct. 2764 (2005). Having reviewed it, petitioner does not believe that a remand on the copyright question would be warranted. Accordingly, the petition for certiorari should be granted limited to the first question, reviewing the judgment below only as it applies to the Lanham Act claims against respondents Berdex Seafood, Inc., Coast to Coast Seafood, Inc., and Fishery Products International, Inc.

CONCLUSION

For the foregoing reasons, as well as those set forth in the petition, certiorari should be granted.

Respectfully submitted,

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